From the AMS Secretary

Report of the Treasurer (2008)

I. Introduction

One of the most important duties 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 internally generated financial reports, review of audited financial statements, and meeting with the Society's independent auditors. Through these and other means, the Trustees gain an understanding of the finances of the Society and the important issues surrounding its financial reporting and planning. 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 report contains summary information regarding the operating results and financial condition of the Society for 2008, a review of 2008 operations, and, in light of the economic events of 2008 that have affected all of us, a review of how the current economic recession is likely to affect the Society and the Society's ability to weather what is yet to come. Finally, in the last part of the Report, there are financial statements derived principally from the Society's audited financial statements, which present the balance sheet, statement of activities (akin to an income statement in a for-profit organization), and information regarding the Society's invested funds.

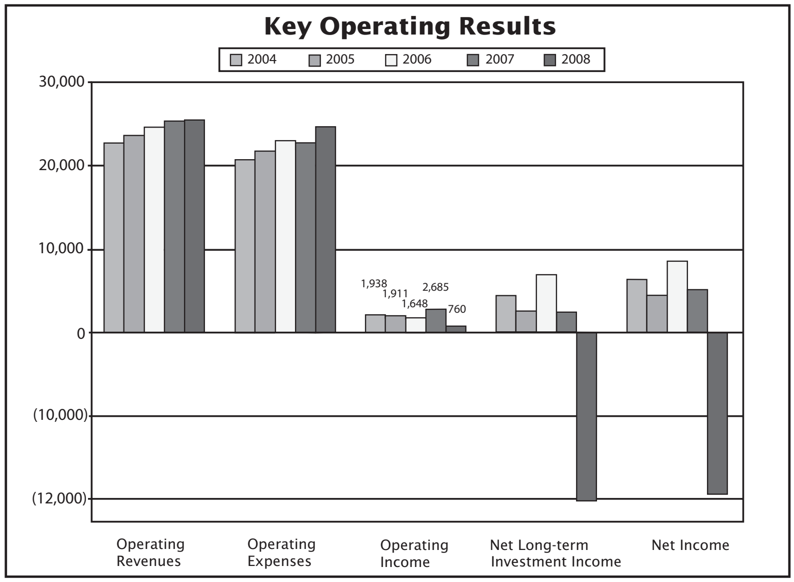
The Society segregates its net assets, and the activities that increase or decrease net assets, into three types. Unrestricted net assets are those that have no requirements as to their use placed on them by donors outside the Society. A substantial majority of the Society's net assets and activities 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 gifts to be entirely spent on a specified project or activity, grant awards, and the accreted return in excess of spendable income, as well as any unspent spendable income, from prize and other income-restricted true endowment funds. In 2008, due to a change in the governing law in the District of Columbia and related new accounting guidelines, temporarily restricted net assets now also includes the accreted unspent return on income-unrestricted true endowment funds. This change required a reclassification of approximately \$5,065,000 from unrestricted net assets to temporarily restricted net assets as of the beginning of 2008. The temporary restriction is considered to be a time restriction, as the Board has not yet actually appropriated the accreted excess for expenditure. Permanently restricted net assets are those that must be invested in perpetuity per donor instruction and are commonly referred to as endowment funds. The Society's permanently restricted net assets are stated at fair value at the time the gift(s) were made. The accompanying financial information principally relates to the unrestricted net assets, as this category includes the operating activities of the Society.

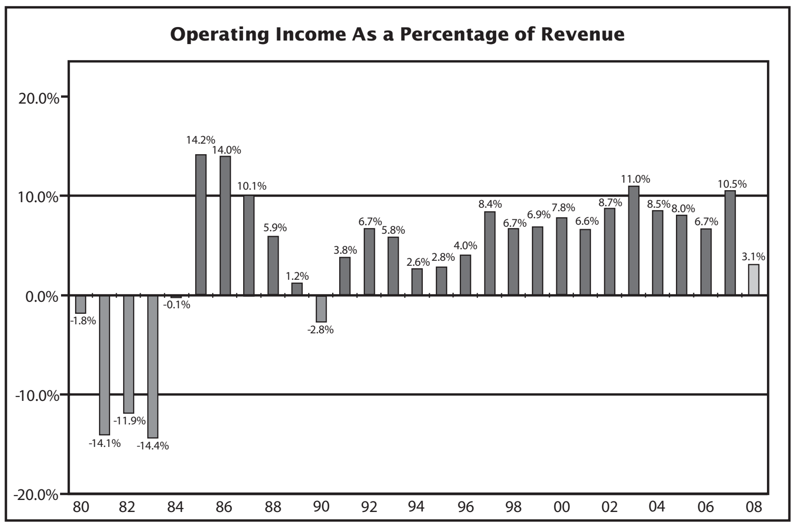
Editor's note: All dollar figures are given in US\$Dollars.

II. Overview of 2008

Operating activities provided slightly over \$759,000 in operating revenues in excess of operating expenses. However, the total change in unrestricted net assets for the year ended December 31, 2008 was a decrease of approximately \$24,781,000, with the unrestricted portion of the loss on the long-term investment portfolio being the largest component of the decrease at almost \$20,332,000. The overall return on the Society's long-term investment portfolio was a loss of (29.5%) in 2008 versus a positive 5.4% in 2007 and a positive 13.6% in 2006. The problems with sub-prime mortgage loans that first came to light in August 2007 led, in part, to the most severe domestic and global economic crisis since the Great Depression. The effects of the global economic crisis and current recession on the Society and other matters are discussed in more detail later in this report. The accounting reclassification discussed above reduced unrestricted net assets by approximately \$5,065,000, with post-retirement health benefit changes other than periodic cost providing the remainder of the decrease in unrestricted net assets of \$143,000.

Temporarily restricted net assets increased by approximately \$2,146,000 in 2008, with the reclassification from unrestricted net assets of \$5,065,000 partially offset by the restricted portion of the loss on the long-term investment portfolio of approximately \$2,540,000. Donor contributions in this category increased in 2008 to \$178,000, due both to the generosity of an anonymous donor who funded three programs over the next few years and to the final distribution from an estate whose beneficiary was the temporarily restricted Centennial Fellowship fund. Under the new accounting guidance resulting from a change in the governing law in the District of Columbia, the use of spendable income from both the restricted and unrestricted use of income true endowment funds is now considered to be a release of restrictions on the accreted spendable income (purpose and time restrictions for the income-restricted spendable income and time restrictions on the income-unrestricted spendable income). Accordingly, assets released from restrictions, a reduction in temporarily restricted net assets and a simultaneous increase in unrestricted net assets where the related expenses are recorded, increased in 2008 to almost $557,000.





Permanently restricted net assets increased by slightly over $757,000 in 2008, due principally to the generosity of an anonymous donor whose gifts funded some new activities of the Society. In addition, these gifts brought the Epsilon and various prize funds to a then current value sufficient to fund the current prize amounts and frequency. Unfortunately, the economic crisis and market meltdown occurred subsequent to the receipt of these gifts. While the market value of certain true endowment funds was less than the fair value of the endowment fund at December 31, 2008, the amount recorded as permanently restricted net assets is not adjusted for such deficits. The initial deficit arose due to investment losses and was recorded in temporarily restricted net assets. The Society's operations (unrestricted net assets) then transferred the amount necessary ($615,140) to keep each true endowment fund at the fair value of the gifts made to them (at the time the gifts were made) via a transfer to temporarily restricted net assets. In the financial statements, this transfer increased the unrestricted loss and decreased the restricted loss on the long-term investment portfolio. When the long-term investment portfolio recovers and these true endowment funds' values are in excess of the fair value of the gifts received, operations can recover the $615,140 so transferred. This type of transfer last occurred during the period 2001-2002, and it took the following four years to fully recover the total $230,814 transferred from operations to keep the true endowment funds "whole". Recovery of this market downturn is currently expected to take much longer than the previous "dot-com" bubble burst.

Although the Society's unrestricted net assets, which are similar to retained earnings in a for-profit corporation, decreased by almost $24,800,000 in 2008, the Society remains on solid financial footing. Between cash and the operating investment portfolio, the Society had over $17,000,000 in liquid assets at its disposal at the end of 2008. Further, the Society carries no debt other than trade accounts payable and accruals incurred in the normal course of its operations. In addition to the long-term investment portfolio, of which only 15.5% is related to true endowment funds, the Society owns valuable real property free and clear of encumbrances.

The ratio of its current assets to current liabilities, after removing deferred income from both the numerator and denominator so the result is comparable to most other enterprises, is 2.45 to 1. This is a very healthy current ratio in any economic environment, and indicative of the Society's financial strength at what may be the beginning of a long and difficult economic period. Furthermore, the Board-designated Economic Stabilization Fund (ESF) was maintained at its target level of the sum of 75% of annual operating expenses plus 100% of the post-retirement health benefit liability. It is interesting to note that this fund's predecessor was almost entirely used during the early 1980's, which is an economic period similar in effects on the Society to what we are beginning to see now in mid-2009 (significant cutbacks in university funding which led to significant attrition in the subscriber and membership base in the early 1980's). The Board-designated Operations Support Fund (OSF), while diminished, still has a value of approximately $20,000,000 and will continue to provide funding for operations in the form of spendable income.

III. Review of 2008 Operations

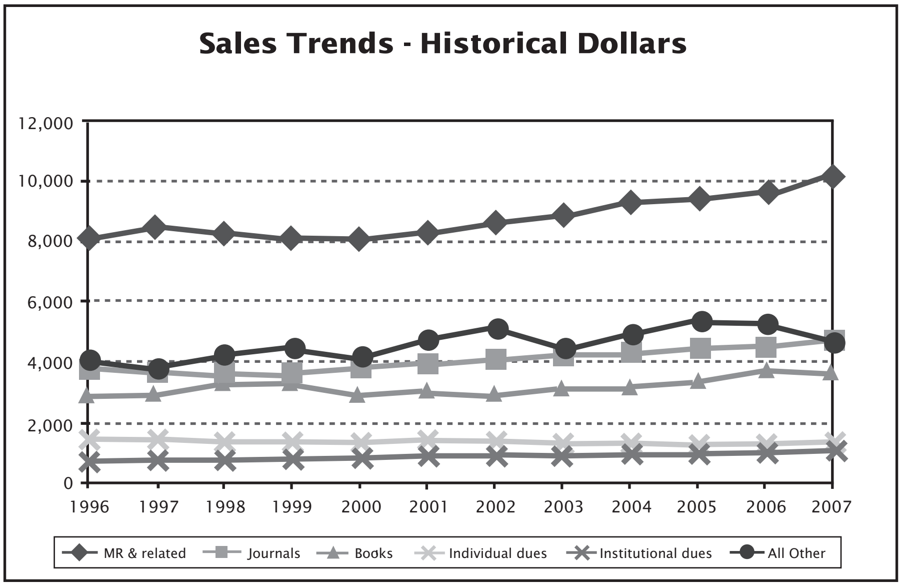
As indicated in the graph above, the four years prior to 2008 were very good years, financially, for the Society. Had the operating investment portfolio produced an average amount of income in 2008 instead of the $100,000 loss, the 2008 operating income would have looked quite normal in the middle of the graph below, despite the highest average annual inflation (which is the inflation actually felt/incurred assuming goods and services are purchased evenly throughout the year) for the period presented below.

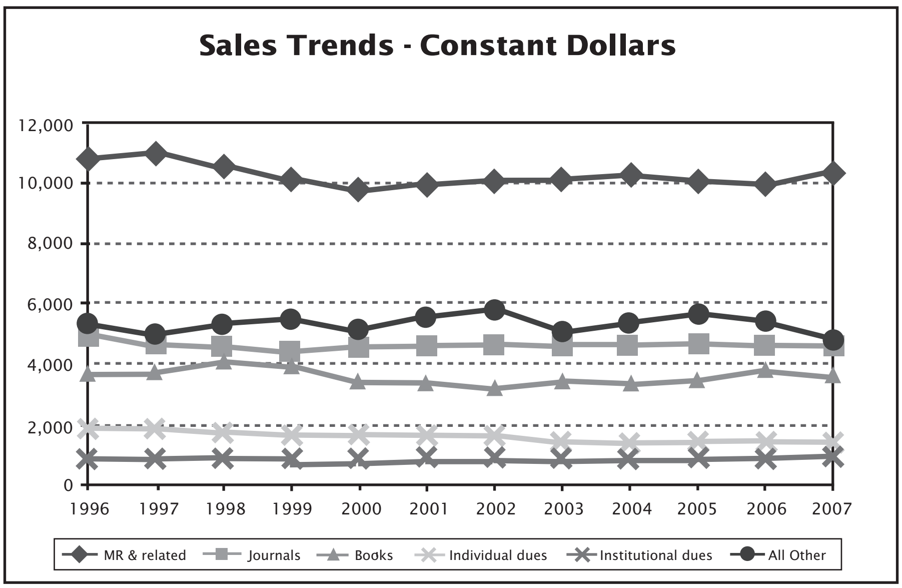
The returns on long-term investments have been volatile over this period, with the average annual rate of return for the three, five, and ten year periods ending December 31, 2008, at (5.44%), 0.06%, and 1.10%, respectively.

Since 2002, the Board of Trustees has appropriated investment income from the OSF, as well as those true endowment funds with income whose use is unrestricted, to support operations. The total amounts of such appropriations that have been included in operating revenue are $1,336,778 in 2008, $1,007,069 in 2007, $899,630 in 2006, $847,225 in 2005, and $792,870 in 2004.

The graph on the preceding page showing operating income as a percentage of total operating revenue has been relatively stable in the preceding eleven years compared to the first seventeen years, which is a positive financial indicator. The results for 2008 are expected given the economic crisis that took place, and is an indicator of a period of volatility to come. One of the key factors that will keep the bar above the baseline or to push it below in the future will be inflation. Should we find ourselves in a period of "stagflation" (experienced from the late 1970's through the latter 1980's with low or no growth combined with high inflation), the "red" will return as adjustments are made to the Society's operating structure.

Sales Trends.
The graphs on this page show sales trends from 1996 through 2008, first in historical dollars and second in constant dollars (using 2008 as the base year and adjusting other years for inflation using Dec-Dec CPI figures).





The trends shown in historical dollars above are in general mildly upward, and this is partly due to pricing strategies that are intended to help counter the effects of inflation and attrition. When shown in constant dollars below, most sources of revenue are fairly flat or declining over this period.

During the ten-year period from the end of 1998 through 2008, the average annual inflation was 2.52%. During this same period, the Society's average annual expense growth was 2.44%, indicating that the Society was able to keep its expense growth at about the overall rate of inflation for this ten-year period. At the same time, the average annual growth in revenue was only 2.04%. The revenue growth did not keep up with either inflation or the nominal expense growth during this period. This is the first year (in the five-year period we have been tracking this) that we have seen the difference in growth rates of expenses and revenues over the most recent ten-year time period be negative, and this is likely due to the significant effects of increased petroleum costs seen in 2008. Expenses grew over 8.5% in 2008 over 2007, while revenues grew only 0.17%. This reversal in the differential growth rates must be carefully monitored during the current financial crisis, as it is not sustainable.

Revenues in 2008 came in very much on target, with the exception of the return on the operating portfolio. A moderate return is generally budgeted each year, but a loss was incurred in 2008. The overall loss occurred because the investments in convertible securities and corporate bond funds, while a relatively small portion of

Major Expense Categories

	2006		2007		2008	
Personnel Costs	$15,471	67%	$15,607	68%	$16,537	67%
Building and equipment related	1,359	6%	1,453	6%	1,648	6%
Postage	904	4%	982	4%	999	4%
Outside printing, binding, and mailing	876	4%	654	3%	705	3%
Travel: staff, volunteers, grant supported	1,131	5%	735	3%	874	4%
All other expenses	3,371	14%	3,400	16%	4,037	16%
TOTAL	$23,112	100%	$22,831	100%	$24,800	100%

the portfolio, incurred significant losses due to the crisis that occurred in the latter part of 2008. The yields on bank certificates of deposits were already quite low, and money market yields plummeted; accordingly, the interest income on these funds could not compensate for the losses on the mutual funds.

Major Expense Categories

The table above shows the major expenses for 2006, 2007 and 2008, in thousands of dollars. There has not been much change from year to year in the types of expenses incurred by the Society, which is expected as there have been no major changes in the way the Society operates.

Operating expenses can also be associated with the various activities of the Society, and this is similar to our audited financial statements (see Section 4). The Society has accounting systems in place to capture the identifiable direct costs of its publishing and member and professional services activities, as well as indirect costs associated with these two major functions. General and administrative costs are those that cannot be directly associated with either of its two main functions or any activity therein. The following is a summary presentation that matches the revenue and costs of the major activities of the Society.

Some points worth noting in the above presentation are that the *Mathematical Reviews* activities and the Providence publications produce similar margins (in dollars) after identifiable direct costs associated with these products. The indirect costs associated with the overall publishing activities of the Society (taking orders, shipping and storing goods, marketing and sales efforts, etc.) reduces this margin by 37%. If general and administrative costs were allocated to the publishing activities, this margin would be reduced even further. But there would still be significant margin from the Society's publishing activities, resulting from by *Mathematical Reviews* and the journals, available to spend on services and outreach activities.

The member and professional services activities use resources of the Society, which are then supported, or "paid for" by member dues, spendable income from board-

2008 Operating Revenue and Expenses by Major Activity, in Thousands of Dollars

	Revenue	Expense	Net
Publications:			
Mathematical Reviews	$10,230	$ 6,569	$ 3,661
Providence publications (books, journals, etc.)	8,821	5,322	3,499
Publications indirect (customer services, marketing, distribution and warehousing, etc.)		2,663	(2,663)
Total publications	19,051	14,554	4,497
Member and professional services:			
Services and outreach programs	1,117	3,699	(2,582)
Grants, prizes and awards	657	797	(140)
Meetings	995	1,050	(55)
Divisional indirect		581	(581)
Governance		454	(454)
Total before spendable income and dues revenue	2,769	6,581	(3,812)
Spendable income from investments	1,337		1,337
Dues	2,360		2,360
Total member and professional services	6,466	6,581	(115)
Other	42	229	(187)
General and administrative		3,435	(3,435)
Total	$25,559	$24,799	$ 760

designated and true endowment funds, and the margin from publishing activities. While the various activities in this functional area do have revenue streams, such as fees, grant support, prize fund spendable income, etc., the costs incurred by these activities are significantly greater than the revenues generated.

Investing Activities in 2008

The Society has almost completed a multi-year replacement project for all the old heating and ventilation equipment and controls in the Providence and Pawtucket facilities. There is one unit left to replace in 2009. The north wing roof of the headquarters building was redone in 2008, and office furniture conversion to modular workstations in the Ann Arbor office began in 2008. This will continue over the next few years until all departments have modern, efficient workspaces. The capital acquisitions in 2008 totaled just over $1,046,000, principally due to the financial software implementation. While not all modules are fully installed and running as yet, the Society has converted from its 1988 Ross Systems software to current day financial software that is better integrated among the modules and has far more capabilities. The investments in facilities in Rhode Island and Michigan should be complete in 2009, with 2009 a relatively normal year with a capital budget of about $543,000. In late 2010 or early 2011, more technological investments may come on line, as the implementation of Association Management Software is currently scheduled to be complete by that time (payments will have been ongoing, but the capital addition does not get recorded as such until the system is placed in service). There are also planned improvements to our technology hardware, although not nearly so costly as replacing the Ross software and in-house developed membership, sales and distribution systems.

The other obvious area of investing activities is the long-term investment portfolio, which supports the Society's Board-designated and true endowment funds. The Society's endowment is managed under the "total return concept". Under this management policy, an investment strategy or asset allocation policy is developed for the portfolio's investments that matches the risk profile of the organization with the objectives for the investment portfolio. An expected average annual return is determined, although it should be remembered that since the life of the funds that own the investment portfolio is perpetual, as hopefully is the Society's, even the time horizon of a 20-something putting money aside for retirement may be too short a horizon to keep in mind when thinking about the Society's long-term investment portfolio.

The total return of the portfolio—income, dividends, transaction gains and unrealized gains and losses, are combined and lose their originating nature. Absent requirements to the contrary (law, regulation, specific donor language in the gift instrument), the entire return is available for spending. The Board of Trustees then determines the amount of return that is reasonable or prudent to spend, balancing the perpetual nature of the gift and investment and the donor's desire to support the activities of the Society. Currently this reasonable amount is 5% applied to the three-year moving average of the annual value of the portfolio. Any return in excess of this amount stays associated with the fund (classified in temporarily restricted net assets for those funds created by donors) and assists in maintaining the purchasing power value of the original gift. In years where losses are incurred by the portfolio, such as 2008, there are still earnings available to be spent via the 5% spending rate established by the Board, as long as the value of each fund stays at or above the original gift amounts. The effects on spendable income of any significant swing in the market value of the portfolio—up or down—are felt gradually, since the three year moving average is used as the base to which to apply the 5% rate.

The large market decline of 2008 did have some immediate effects. The true endowment funds created after 1997 or which received significant additions after 1997 all had preliminary allocated values less than their original gift amounts. The Society's unrestricted net assets had to make up for this shortfall of $615,140, which may be recovered in the future when market conditions improve and the affected funds' values exceed their original gift amounts. The OSF, established to provide a sources of revenue for operations, which might then take some economic pressure off the Society when pricing its products and services, decreased by over half its value, from $40,831,000 it the end of 2007 to $20,083,000 at the end of 2008. This occurred because not only did it suffer its share of the investment portfolio's 29.5% loss for the year, it had to transfer funds to the ESF so that fund would remain at its target level. The OSF's share of the 2008 investment loss was $11,945,000, the transfer out to the ESF was $7,881,000, and spendable income used was $1,039,000. Finally, operations added $117,000 to the OSF at year end.

IV. How the Economic Recession/Financial Markets Crisis Will Affect the Society

There are five key ways in which the current economic conditions can affect organizations like the Society:

1. Inability to borrow money.
2. Loss of value in financial assets.
3. Loss of income to support operations.
4. Loss of customers or inability of customers to pay for products and services already provided.
5. Inability of vendors to meet their obligations to AMS, such as warranties or prepaid services.

Because of the financial strength built up by the Society over many years, it remains well-positioned to weather the current crisis, despite the 29.5% loss on its long-term investments and an overall loss on the operating investment portfolio in 2008. To confirm this conclusion, let us look at the five ways this crisis can affect the Society.

There are many unknowns; most importantly we do not know how bad this will get and how long will it last. We know this is a global economic recession the likes of which has not been seen since the 1930's. There could be many profound outcomes, such as the U.S. losing its preeminence in the global financial world, which could in turn severely hamper its ability to maintain its political standing in the world. Unprecedented actions have already been taken by the U.S. and other governments, and continued government action likely will be needed for some number of years before the global recession turns around. It is prudent to assume that the "bottom" has not yet been found in the U.S. or global economy (unemployment continues to rise, auto companies in bankruptcy, foreclosures about to start up again) and that recovery, particularly in the U.S. with certain unique and systemic problems, will be slow.

The inability to borrow money should not directly affect the Society. Currently, the Society has no debt other than to its suppliers and employees in the ordinary course of its operations. Further, the Society is nearing the end of a period of significant investments in its infrastructure (physical condition of its buildings and their various systems, computing infrastructure, etc.), which should serve its needs for quite some time to come. While significant capital outlays remain to be made in the next few years to complete the planned investments, the operating investment portfolio has sufficient funds, invested conservatively, to meet these needs. Once these are completed, there should be no further investment required in the Society's plant, fixtures and equipment, other than general repairs, upgrades and maintenance in the ordinary course of business, until after the recovery is solidly in place (assume about 6–8 years from now).

In the last two decades, the Society's operations have provided cash flow sufficient to fund its operations and, on a regular basis, cash flow to add to Board-designated "reserve" funds in the form of long-term investments. We expect the cash flow to decrease during the crisis and recovery period as sales of products and services are negatively affected over the next few years, but there should be sufficient time provided by the operating investment portfolio and, if necessary, the value of the long-term investment portfolio owned by the Economic Stabilization Fund (ESF), for the Society to adjust its operations to the new economic circumstances and thus minimize any years with a negative operating cash flow. In short, the evidence to date indicates the Society should be able to avoid having to incur debt while the credit markets are frozen or the rates charged for the funds are not to its advantage.

Loss in value of financial assets—the Society has already incurred the most obvious and immediate effects of this financial crisis in the performances of the operating and long-term investment portfolios. Yield on bond funds are low, as the flight to quality instruments in the wake of Wall Street's disasters have raised the values of high quality bonds to the extent that real yields are close to -0- or sometimes negative. Investments in anything other than high quality debt securities (read that as U.S. government and guaranteed Agency securities and FDIC insured deposit accounts) have significantly deteriorated in value, and money market investments are considered more at risk than at any time since their creation, although they appear to have stabilized for the moment with only one such fund having fallen below the $1.00 per share value.

The performance of the operating portfolio was also an overall loss for 2008, due primarily to the performance of the two corporate bond funds and the convertible securities fund. Interest rates on the money market funds and the certificates of deposits were so low in 2008 that the return on these and the government bond funds could not overcome the losses on the other investments. Once the credit markets start to thaw, the corporate bond funds should recover their value and we don't foresee any need to liquidate these investments in the near term for cash flow needs. The convertible securities fund follows more closely the domestic equity market than the bond market, so it will likely be some time before recovery of market losses occurs. It is also likely that we will not need to liquidate these investments before recovery of value occurs.

The long-term investment portfolio suffered a decline of 29.5% for the year ended December 31, 2008, with losses continuing into 2009 (8.4% through March). However, as discussed in a previous section, this overall significant loss in the value of the portfolio will not have an immediate negative effect on the Society's operating results. Return from the long-term investment portfolio continues to make its way into operations in the form of spendable income and assets released from restrictions, even when the portfolio suffers actual losses. This occurs due to the use of the total return concept and a spending rate to determine the amount available to spend each year.

Given the actual significant decline in the long-term investment portfolio's value in 2008, with recovery not currently expected to begin (at the earliest) until late in 2010, the spendable income included in operating revenue (from the OSF, and both the income-restricted and income-unrestricted true endowment funds) will decline in future years. The spendable income streams associated from the true endowment funds and linked to specific costs of activities may reach a level where, in the absence of some other action(s), they no longer cover all the previously covered costs of the activities. However, the declines in these revenue streams will not occur precipitously, due to the smoothing effect of the use of the three-year moving average of invested balances to determine the base investment value to use for the determination of spendable income. This gives the Society time to plan and adjust should it be likely that fewer (or more) dollars of spendable income will be available to fund operating activities for some number of years to come.

Under the Society's current long-term financial planning assumptions, the Society's income from these revenue streams will decline to some "bottom" level in the next four (plus) years and will stay at or near this lower amount for a few more years until it slowly starts climbing again when recovery gets going.

Absent any significant changes in the behaviors of its customers and members, and assuming the Society maintains or only slightly modifies its various pricing policies and procedures, the operations of the Society provide sufficient cash flow to fund all required payments, and should continue to do so despite the expected decreases in spendable income over time. However, depending upon the length and breadth of the global economic recession, and any other currently unknown factors that may come to bear on the Society, it may be necessary to suspend the required target level for the ESF and actually use some of its funds to support operations during this period. Reserve funds were used in this manner during the early 1980's when the Society lost many subscribers, so it is possible this may be necessary again should the current severe recession be deep and long.

Loss of income to support operations, loss of customers, inability of customers to pay—the financial health of the Society's customers will likely be put more at risk by this financial crisis than that of the Society itself. This, in turn, will add significant risk to the Society's revenue streams. The lack of availability of credit could affect the ability of the Society's commercial customers and subscription agents to pay the Society in a timely manner. Some could face significant business difficulties if necessary credit lines are not renewed and/or additional cash investments are not secured, which could lead to significant reductions in orders from these channels for books and journals, respectively, or, even worse, another subscription agent failure similar to divine/Rowecom a few years back. These relationships and the credit levels of commercial customers and their payment patterns must be monitored closely.

Finally, battered state and federal coffers, losses on endowment funds and rising costs could lead to a significant decrease in subscriptions in the next few years, as well as membership. It is not out of the question that a situation similar to that of the late 1970's–early 1980's could present itself again, where over the span of 3 or 4 years there was a precipitous drop in revenues from these sources. The losses incurred in the subscriber and member bases were never fully recovered, and it took quite some time for the Society to adjust to the new reality. Recovering was not without pain and risk back then, nor will it be now.

Inability of vendors to provide goods and services—should our vendors not be able to provide goods or services already paid for, the Society would be in the position of having to pay a second time for those that are absolutely necessary for operations (such as servicing or repairing equipment). We do not prepay for many things and use corporate credit cards when we do so for goods (so that the charge can be reversed if they are never received). For service contracts and similar services that must be prepaid, we use only highly rated vendors and will continue to monitor them to minimize this risk. In the critical area of publishing, paper, outside printing, mailing costs and the like are all paid for after the goods and services are delivered, so there is little risk to the Society's ability to produce and deliver its promised products. This area of risk should not significantly affect the Society.

With the operating investment portfolio, relatively stable spendable income from the OSF over the next few years and the availability of funds (over $22,000,000) in the ESF should the need arise, the Society has the time over the next year or two to monitor the financial effects of the recession and consider the actions it should take should significant adjustments in its operations be deemed necessary. Note that the financial health of the Society negates the risk of acting precipitously; it does not negate the need to act in the face of these economic challenges.

In summary, while it will not be pleasant or easy to do, the Society is in a very good position to continue carrying on its mission in the face of the current financial crisis and a relatively dire set of assumptions for the next 5 to 10 years.

V. Summary Financial Information

The following Balance Sheets and Statements of Activities are from the audited annual financial statements of the Society, and the Statement of Invested Funds is from the internal financial records of the Society. Each year, the Audit Committee of the Board of Trustees meets with the Society's auditors to review the conduct of the audit, the Society's financial statements, and the auditors' report on the financial statements. Pursuant to the recommendation of the Audit Committee, the Board of Trustees has accepted the audited financial statements. 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.

—Respectfully submitted,

John M. Franks
Treasurer

BALANCE SHEETS

December 31, 2008, and 2007

Assets	2008	2007
Cash and cash equivalents	$ 1,263,610	$ 921,425
Short-term investments	16,007,397	16,387,716
Receivables, less allowances of $260,000	1,023,032	817,901
Deferred prepublication costs	568,308	608,723
Completed books	1,271,938	1,153,060
Prepaid expenses and deposits	1,612,107	1,323,430
Land, bldgs. and equipment, less accumulated depreciation	4,532,533	4,270,952
Long-term investments	52,202,609	74,065,208
Total assets	**$78,481,615**	**$99,548,415**

Liabilities and Net Assets	2008	2007
Liabilities:		
Accounts payable and accrued expenses	$ 2,902,068	$ 2,614,560
Severance and study leave pay	972,311	1,213,114
Deferred revenue	12,243,494	11,744,369
Postretirement benefit obligation	4,344,865	4,079,327
Total liabilities	**20,462,738**	**19,651,370**
Net assets:		
Unrestricted	49,371,817	74,152,965
Temporarily restricted	4,054,666	1,908,841
Permanently restricted	4,592,394	3,835,239
Total net assets	**58,018,877**	**79,897,045**
Total liabilities and net assets	**$78,481,615**	**$99,548,415**

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2008, and 2007

Changes in unrestricted net assets:

Operating Revenue	**2008**	**2007**
Publication:		
Mathematical Reviews and related activities	$10,230,303	$ 9,658,217
Journals (excluding MR)	4,707,481	4,481,903
Books	3,616,900	3,693,828
Other publications-related revenue	496,852	538,547
Dues, services and outreach	3,774,473	3,620,377
Grants, prizes and awards	657,044	550,202
Meetings	994,808	908,836
Long-term investment earnings available for spending	1,039,300	1,007,069
Short-term investment income (loss)	(105,508)	895,022
Other	147,466	161,156
Total operating revenue	25,559,119	25,515,157

Operating expenses:		
MR and related activities	6,569,210	6,115,797
Journals (excluding MR)	1,668,099	1,351,788
Books	3,212,074	2,957,073
Publications indirect	923,463	955,416
Customer services, warehousing and distribution	1,739,938	1,704,588
Other publications-related	442,312	491,439
Membership, services and outreach	3,699,129	3,350,117
Grants, prizes and awards	796,739	754,103
Meetings	1,049,852	940,853
Governance	453,805	400,390
Member and professional services indirect	581,135	554,806
General and administrative	3,435,371	3,196,735
Other	228,556	57,384
Total operating expenses	24,799,683	22,830,489
Excess of operating revenue over operating expenses	759,436	2,684,668
Long-term investment earnings in excess of (less than) investment earnings available for spending	(20,332,683)	2,420,182
Effect of adoption of SFAS 158	–	750,728
Post-retirement health benefit-related changes other than net periodic cost	(142,934)	
Adjustment required under the District of Columbia's enacted Version of the Uniform Prudent Management of Institutional Funds Act and the provisions of Financial Accounting Standards Board Staff Position 117-1	(5,064,967)	-
Change in unrestricted net assets	($24,781,148)	$5,855,578

	2008	**2007**
Changes in temporarily restricted net assets:		
Contributions and grants	178,340	53,952
Long-term investment (loss) income	(2,540,675)	200,215
Net assets released from restrictions	(556,807)	(310,704)
Adjustment required under the District of Columbia's enacted Version of the Uniform Prudent Management of Institutional Funds Act and the provisions of financial Accounting Standards Board Staff Position 117-1	(5,064,967)	
Change in temporarily restricted net assets	**(2,145,825)**	**(56,537)**
Change in permanently restricted net assets—Contributions	**757,155**	**157,800**
Change in net assets	(21,878,168)	5,956,841
Net assets, beginning of year	79,897,045	73,940,204
Net assets, end of year	**$58,018,877**	**$79,897,045**

STATEMENTS OF INVESTED FUNDS
As of December 31, 2008, and 2007

	Dec. 31, 2008		**Dec. 31, 2007**
	Original Gift(s)	**Market Value**	**Market Value**
True Endowment Funds:			
Prize Funds:			
Steele	$ 145,009	$ 435,797	$ 654,511
Birkhoff	49,959	54,606	70,675
Veblen	29,773	29,773	13,372
Wiener	29,773	29,773	13,372
Bôcher	32,557	32,557	9,725
Conant	9,477	29,063	43,650
Cole Prize in Number Theory	32,275	32,275	11,483
Cole Prize in Algebra	32,275	32,275	11,482
Satter	43,212	43,437	34,764
Morgan	25,000	31,629	47,502
Whiteman	63,468	63,468	71,837
Doob Book Prize	45,000	45,000	50,867
Robbins Prize	41,000	41,000	46,719
Eisenbud	40,000	40,000	43,920
Arnold Ross Lectures	70,000	79,932	79,932
Trjitzinsky Scholarships	196,030	526,243	526,243
C. V. Newsom	100,000	244,885	244,885
Centennial Fellowship	56,100	125,561	125,561
Menger	,250	12,288	12,288
Ky Fan (China)	366,757	387,085	387,085
Einstein Lecture	100,000	100,000	–
Exemplary Program	100,000	100,000	–

STATEMENTS OF INVESTED FUNDS, CON'T.

As of December 31, 2008, and 2007

	Dec. 31, 2008		Dec. 31, 2007
	Original Gift(s)	Market Value	Market Value
Mathematical Art	20,000	20,000	–
Epsilon	1,302,298	1,302,298	1,167,541
Total Income Restricted Funds	**$3,027,213**	**$3,594,005**	**$3,667,414**
Endowment	100,280	537,807	805,476
Morita	100,000	100,000	143,694
Henderson	548,223	2,881,955	4,316,561
Schoenfeld/ Mitchell	573,447	573,447	809,829
Laha	189,309	189,309	273,133
Ritt	51,347	171,703	257,174
Moore	2,575	16,185	24,242
Total Income Unrestricted Funds	**1,565,181**	**4,470,406**	**6,630,110**
Total True Endowment Funds	**$4,592,394**	**$8,064,411**	**$10,297,523**
Board-Restricted Funds:			
Journal Archive		523,142	677,039
Young Scholars		484,565	689,014
Economic Stabilization		22,879,386	21,326,742
Operations Support		20,082,678	40,830,813
Total Board-Restricted Funds		**43,969,771**	**63,523,608**
Total Funds		**$52,034,182**	**$73,821,130**