

## MRS Treasurer's Report

I am pleased to present the following annual Statement to Members describing the financial condition of the Materials Research Society. My statement is based on the reports prepared by the Society's auditors, Bujaky, Koehler, Libson & Associates, Certified Public Accountants, Pittsburgh, for the years ended December 31, 1988 and 1987. The complete reports are available by contacting the Director of Finance at MRS Headquarters. A summary of the audited financial information is presented on the following page in the tabulated material entitled Balance Sheets and Statements of Revenue, Expenses, and Changes in Fund Balance.

As has been noted in previous statements to members, the Materials Research Society continues to grow vigorously. Some numerical indicators are shown in Table I. In recent years membership has grown, so that today it significantly exceeds the annual attendance at meetings. Thus an ongoing membership base is being established which transcends the technical program at a given meeting. Over the same time period the operating budget has increased steadily, reflecting major new initiatives in Society activities and member services. Headquarters staff has also grown in support of these services; as a result, staff moved into expanded office space this summer.

The revenue and expense categories are shown pictorially for 1988 in the pie charts, labeled Figures 1 and 2. In Figure 2, Headquarters staff and operations expenses are apportioned into the other activity areas. Meetings and their related activities have traditionally been the primary focus of MRS activities, and this situation continues. Two technical meetings are held annually; some 30-35 volumes of Proceedings of meeting symposia are published each year; and the short course program and equipment show are important complements to the meetings. The revenue from grants and corporate sponsors primarily supports technical symposia; the Corporate Affiliate Program, included in the same sector, supports programs of special significance such as the Graduate Student Awards program. The primary activities not connected with technical meetings are the *MRS Bulletin*, the *Journal of Materials Research*, and other membership services, as well as various committee activities. The revenue chart does not reflect the fact that membership dues, whether paid separately or considered to be a part of meeting registration fees, supports these membership benefits, including the *Bulletin* and *JMR*. Both excellent publications continue to exceed even their editors' own high expectations. It is worth noting that *JMR* will expand to 12 issues annually in 1990, in response to the growth in articles published.

The overall financial health of the Society remains good. MRS maintains financial reserves, as indicated in a footnote to the unrestricted fund balance entry in the Balance Sheets. I manage these reserves and report regularly to Council on them. Reserves serve important purposes for the short- and long-term health of the Society: For the short term, they can provide the means to get through moderately difficult times, while holding the line on meeting registration fees and proceedings costs, which members see most directly. For the longer term, they can provide a basis for long-range projects such as an expanded awards program or the eventual purchase of a Headquarters building; Council has designated a portion of reserves, as indicated in the table of assets, to provide such a basis for long-range projects. While the reserves have been augmented every year, they are growing more slowly than the budget. While this can be interpreted as a sign of a vigorous, growing Society, Council has responded to a continuing trend by adopting in spring 1989 a reserve policy. This policy created a goal for reserves as a fraction of the annual operating budget and directed that regular additions to reserves be incorporated into the budget. This is a simple but sound method to provide for the financial future of the Society. In the meantime, the Long Range Planning Committee is working on a comprehensive five-year plan to consider trends, goals, and balance among Society activities. This is the most ambitious plan that MRS has undertaken to date, and it will provide useful guidance for the inevitable choices faced by the Executive Committee and Council.

Respectfully submitted,



Susan M. Kelso, Treasurer

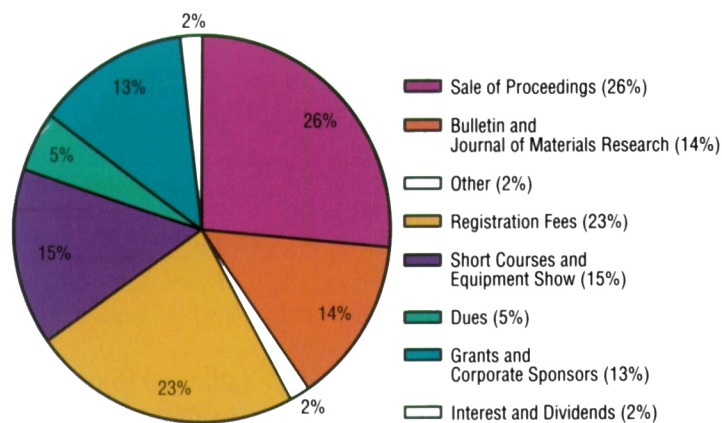


Figure 1. 1988 MRS Revenue Sources

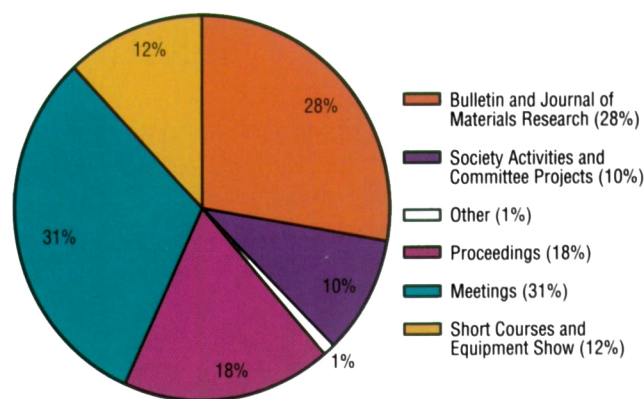


Figure 2. 1988 Expense Categories

Table I. Some Key Indicators of MRS Growth

Year	Membership*	Headquarters Staff	Operating Budget (\$M)†
1983	1,575	0.5	0.27
1984	2,550	3	0.52
1985	3,550	7	1.06
1986	4,800	10	1.58
1987	5,950	15	2.01
1988	8,224	18	2.57
1989	9,184	21	3.24

\*Membership for the calendar year (1989 is an estimate).

†Operating budget (expenses) approved by Council. Actual revenues and expenses are slightly different.

**Materials Research Society**  
Balance Sheets as of December 31, 1988 and 1987

ASSETS		
	1988	1987
Current Assets:		
Cash and Investments		
General Operations	\$ 1,238,228	\$ 912,241
Council Designated*	445,579	417,819
Accounts Receivable	278,049	158,090
Grants Receivable	219,940	147,115
Inventory—Books and Publications	328,543	242,427
Prepaid Expenses	10,836	7,802
Payroll Advances Receivable	0	546
Total Current Assets	\$ 2,521,175	\$ 1,886,040
Property and Equipment:		
Furniture and Equipment	\$ 222,520	\$ 184,319
Less: Accumulated Depreciation	115,179	77,796
Net Property and Equipment	\$ 107,341	\$ 106,523
Total Assets	\$ 2,628,516	\$ 1,992,563
LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts Payable	\$ 194,987	\$ 140,293
Accrued Payroll Taxes	1,598	2,104
Other Accrued Expenses	98,982	147,215
Deferred Revenue	362,138	179,459
Total Current Liabilities	\$ 657,705	\$ 469,071
Fund Balance (Unrestricted)†	1,970,811	1,523,492
Total Liabilities and Fund Balance	\$ 2,628,516	\$ 1,992,563

\* Funds (\$400,000) were set aside by Council in December 1986 to provide a basis for funding long-range Society projects. The increase represents interest earnings over disbursements.

† The unrestricted fund balance includes reserves currently managed by the Treasurer. These were \$890,080 (1988) and \$738,258 (1987), including Council designated funds.

**Materials Research Society**  
Statements of Revenue, Expenses, and Changes in Fund Balance  
for the Years Ended December 31, 1988 and 1987

	1988	1987
Revenue:		
Membership Dues	\$ 151,876	\$ 98,565
Grants and Corporate Sponsors	398,675	305,882
Inventory Sales	815,593	586,539
Interest and Dividends	78,368	52,220
Bulletin/Journal	441,078	275,961
Meeting Revenue	1,226,454	1,200,588
Miscellaneous	44,529	16,356
Total Revenue	\$ 3,156,573	\$ 2,536,111
Cost of Book Sales:		
Beginning Inventory	\$ 242,427	\$ 142,999
Production Costs	264,444	262,810
	\$ 506,871	\$ 405,809
Less: Ending Inventory	328,543	242,427
Net Cost of Book Sales	\$ 178,328	\$ 163,382
Gross Revenue	\$ 2,978,245	\$ 2,372,729
Operating and Administrative Expenses	2,526,854	2,035,091
Excess of Revenue over Expenses	\$ 451,391	\$ 337,638
Other Changes in Fund Balance:		
Unrealized Loss on Investments*	4,072	0
Fund Balance, Beginning of Year	1,523,492	1,185,854
Fund Balance, End of Year	\$ 1,970,811	\$ 1,523,492
Operating and Administrative Expenses:		
Headquarters Operations and Member Services	\$ 780,965	\$ 616,885
Bulletin/Journal	556,031	410,034
Society Meetings	847,402	751,428
Society Activities and Committee Projects	297,330	217,785
Depreciation	37,383	32,762
Miscellaneous	7,743	6,197
Total Expenses	\$ 2,526,854	\$ 2,035,091

\* The value of the investment portfolio is stated in the table of assets at the year-end market value (where available), which may represent an unrealized loss if the market value is less than the value at maturity.

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