Report of the PES Finance Committee
March 17, 2016

The Finance Committee took its original charge from outgoing Past-President Ken Howe, from President Frank Margonis, and from incoming President Barbara Applebaum, reviewed the financial situation of the Society and made two clear and immediate recommendations:

1) To reinvest the Society’s endowment funds in a mix of securities that will allow for greater growth while preserving the core of the funds, and to avoid tapping those funds for a period of five years to allow the principal to grow.

2) To create and work from a budget for the conference, making decisions about registration fees and about expenditures to ensure a modest gain rather than a significant loss as a result of the annual meeting.

The Executive Committee accepted both of these recommendations.

During the summer, the Kneller and Legacy Funds were both shifted to investments that would approximate a 2020 Retirement Fund. The Finance Committee will monitor these investments annually to ensure a similar mix stays in place targeting both growth and stability.

The Conference planning group (Drs. Levinson, Taylor, Applebaum and Corngold, along with Lonna Smith) should be congratulated for their careful attention to the conference budget and for planning a meeting that has drawn a very high number of registrants. Higher than planned registration, efforts at garnering institutional support and careful budgeting points to a conference that is coming in on budget and revenue positive!

We also note Executive Director Corngold’s persistence re membership and dues collection. Our membership numbers have rebounded to a minimally-sustainable level and this will help enormously as the Finance Committee attends to our next task: to review the standing expenses and dues structure of the PES and to get the Society’s operations as a whole on a budget.

Over the past several years, we have added significant fixed expenses (e.g. compensation for a Communications Officer, compensation for an Executive Director, compensation for a meeting coordinator) without determining whether we could afford these expenses. These can be revenue positive expenses. For example, greater web presence and a more persistent Executive Director can mean more members which improves the budget picture. A meeting planner can catch overcharges inattentive philosophers miss thus resulting in a net saving for the society. The Finance Committee is agnostic as to the wisdom of these moves; we will only insist that leadership and membership of the Society acknowledge and take responsibility for the costs incurred -- in the form of dues increases or other fund raising -- when needed.

At this time, we have created a set of templates that will guide the Executive Director’s fiscal planning, subject to the approval of the Executive Board. These include an annual budget, an
expenses/income statement (that can also be used to complete the annual tax return), and a year over year expenses/income statement for historical comparison purposes. We have also created similar year over year summative statement for conference expenses and income.

In the next few months, we will make a recommendation to the Executive Board regarding the possibility of a dues increase in the fiscal year to come. One good way to forestall a dues increase is to up the membership. So beat the bushes and find us new friends!

The financial health of the Society is significantly better and clearer today than it was a year ago due largely to the diligence of Josh Corngold and Barbara Applebaum. It is the charge of the Finance Committee to provide the Executive Director and the President and Executive Board with the tools (and occasional advice) to maintain financial stability. We will continue in that role with the current committee intact.

Respectfully submitted,

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