APSA Treasurer's Report

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With its mission broadening and budgets tightening, APSA has continued to operate efficiently and responsibly, and fiscal year 2004 ended within budget and with a growth in net value. In the fall of 2003, the Council made the decision to approve a deficit budget of $43,000. This planned deficit allowed the Association to tap into its reserves to implement an extensive technology plan that included transforming the APSA web site and upgrading the headquarters' aging cabling and network infrastructure. APSA accomplished these projects—and a number of others—and managed to finish the year ahead of budgeted costs, with a deficit of less than $2,000 from programmatic and general operating activities. APSA also ended the year with a significant increase in its net assets.

Table 1
APSA Balance Sheet

	2001	2002	2003	2004
Assets:				
Current Assets	$ 24,102,839	$ 20,741,134	$ 20,039,231	$ 22,928,254
Property and Equipment	438,392	513,622	525,411	848,011
Liabilities and Net Assets:				
Current Liabilities	1,618,715	1,556,759	1,630,078	1,613,658
Net Assets	22,922,516	19,697,997	18,934,564	22,162,607
Total	$ 24,541,231	$ 21,254,756	$ 20,564,642	$ 23,776,265

APSA Investments

For the fiscal year ending June 30, 2004, APSA's audited financial statements, which also include the figures for investments, endowed programs, and grant-funded activities, show an increase in total net assets of $3.2 million for the fiscal year, compared to successive declines in total net assets of $763,433 and $3.2 million for fiscal years 2003 and 2002. The healthy gain in net assets in the current fiscal period was due chiefly to a much more favorable investment climate. The Association's overall financial position continues to be strong, with assets of over $23 million, a headquarters building that continues to appreciate in value, no debt, and a stable operating budget (please refer to Table 1 for the APSA Balance Sheet).

APSA's investment advisor reports that the value of the Trust and Development Fund investments (which include the Centennial Campaign and Award funds) earned 21.9% for the fiscal year, and the Congressional Fellowship Fund investments earned 24.6%. By way of comparison, the S&P 500 earned 19.1% for the same period. The investment market performance for 2004 helped APSA in its recovery from the losses in recent fiscal years. APSA's portfolios have historically outperformed the S&P 500.

With guidance from the Association's investment advisor, Cedarpoint Capital Management, Inc., the APSA Trust and Development Board of Trustees carefully monitor investment performance. Following established guidelines calling for periodic external review, the T&D Board commissioned a review in 2002 to ensure that the best possible returns are being achieved within the existing investment guidelines, and engaged in informal review discussions this year. The results have been positive, and the Board has continued to work with Cedarpoint Capital Management.

Table 2
Investment Portfolio Summary for APSA and Endowed Funds
June 30, 2004

	Value	
By Fund	Cost	Market
General Operating Fund	$ 1,937,187	$ 1,997,723
Trust & Development Fund, Centennial Fund, and Award Funds	7,407,145	9,348,959
Congressional Fellowship Fund	9,497,361	11,027,573
Total	$ 18,841,693	$ 22,374,255

By Security Type	Market Value	Percent of Assets
Equities	$ 9,948,478	44.5%
Cash and Cash Equivalents	3,031,418	13.5%
Mutual Funds	9,394,359	42.0%
Total	$ 22,374,255	100.0%

Activity by Fund for Fiscal Year 2004	T&D, Awards, & Campaign	CFP	Working Capital
Starting Balance at July 1, 2003 (at cost)	$ 6,884,145	$ 9,115,279	$ 2,164,338
Purchases	3,570,867	4,015,531	—
Sales	(3,476,364)	(4,538,974)	(300,180)
Net Investment	94,503	(523,443)	(300,180)
Earnings Reinvested (includes interest, dividends, gains/losses)	428,497	905,525	75,028
Cash Dividends (not reinvested)	64,648	79,500	—
Total Earnings	493,145	985,025	75,028
Ending Balance at June 30, 2004 (at cost)	$ 7,407,145	$ 9,497,361	$ 1,939,186

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Table 3
APSA Operating Budget: A Multi-Year Perspective

Year	Income	Expenditures	Surplus (Deficit)	Annual Expenditure Change %
1989–90	$ 1,891,773	$ 1,871,305	$ 20,464	+8.1
1990–91	2,153,800	2,133,524	24,595	+14.0
1991–92	2,254,844	2,180,544	74,300	+2.2
1992–93	2,405,023	2,321,830	83,193	−(*)
1993–94	2,704,155	2,423,847	280,308	+4.4
1994–95	2,734,375	2,524,664	209,711	+4.2
1995–96	2,822,154	2,590,227	231,927	+2.6
1996–97	2,979,845	2,793,237	186,608	+7.2
1997–98	3,068,237	2,981,914	86,323	+6.7
1998–99	3,150,001	3,086,546	63,455	+3.5
1999–00	3,395,407	3,224,919	170,489	+4.5
2000–01	3,595,669	3,351,744	243,925	+3.9
2001–02	3,621,269	3,447,455	173,813	+2.8
2002–03	3,707,125	3,660,820	46,305	+6.2
2003–04	4,026,806	4,028,780	(1,974)	+10.0

(*) In FY 1992–93, APSA moved to a new budgeting system, making the figures in that year not comparable with those of prior years.

(Please refer to Table 2 for more information on APSA's investment portfolio).

Overall, APSA ended fiscal year 2004 with assets of $23.7 million and liabilities of $1.6 million, resulting in a net worth of $22.1 million. Of this amount, $9.2 million is restricted as to its use and $12.9 million is unrestricted. The net assets can also be keyed to the funds: $11.0 million in the Congressional Fellowship Program endowment, $4.0 million in Trust and Development, $4.3 million in Centennial Campaign, just under $2.0 million in general operating funds, and $1.0 million in Endowed Award funds (all at market value as of June 30, 2004).

Operating Budget

In terms of earned revenue and program expenses, the outcome for the fiscal year was well within budget expectations. APSA earned approximately $4.027 million in operating revenues and incurred operating expenses of $4.028 million. Actual revenue increased during this fiscal year by a little less than $320,000 over the prior year, and expenses increased by $366,000. Both revenue and expense came in just slightly lower than anticipated, at 99% and 98% of budget, respectively.

In fiscal year 2004, APSA realized the benefit of the second full year of its journal publishing agreement with Cambridge University Press and one full year of *Perspectives on Politics*. The Cambridge agreement has increased both revenue and expense for APSA by shifting the bulk of the publishing operation to the publisher. The publisher has direct responsibility for collection of institutional (library) dues, the sale of journal advertisements, and the management of royalties and permissions, as well as the PROceedings project and other electronic services. APSA receives a share of the revenue that Cambridge brings in from each of these areas. In addition, the publisher provides funding for all three of the editorial offices (*APSR, PS* and *Perspectives on Politics*). On the expense side, Cambridge is responsible for marketing, production, printing, and distribution for all three journals. Under this arrangement, APSA has continued to streamline its operations, reduce costs in several areas, and was able to establish a third journal, *Perspectives on Politics*, without having members bear additional expense.

Revenue growth from individual memberships was due to a modest increase in dues rates, and an increase in the number of members (up 710 from July 2003 to June 2004). The cost to deliver key services in major program areas—journals, committees, departments, representation, Annual Meeting, publications, member services, organized sections, education and professional development, employment, awards, and sections—increased 9.2% over the prior year. Supporting these major program areas, the costs for core

Table 4
Revenue Trends for Fiscal Years 1999–2004

	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
Individual Memberships	$ 912,704	$ 990,106	$ 942,969	$ 1,113,525	$ 1,148,084	$ 1,291,044
Institutional Memberships	540,371	549,761	567,915	307,679	—	—
Administrative	28,841	91,215	101,962	77,472	68,493	51,213
Annual Meeting Registration	387,113	338,427	459,839	510,151	546,369	543,995
Advertising and Exhibits	376,771	406,622	431,974	371,935	348,774	418,082
Dividends and Interest	129,862	184,966	147,637	200,742	88,723	105,676
Journals, Sales and Publications	219,343	210,144	196,024	318,418	806,273	813,712
Departmental Services	206,445	221,848	250,247	267,833	272,464	298,777
Centennial Center	—	—	—	—	—	124,735
Other (employment, sections, etc.)	348,551	402,319	497,102	453,514	427,945	379,572
Total	$ 3,150,001	$ 3,395,407	$ 3,595,669	$ 3,621,269	$ 3,707,125	$ 4,026,806

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Table 5
Expenditure Trends for Fiscal Years 1999–2004

	1998–99	1999–00	2000–01	2001–02	2002–03	2003–04
Journals and Publications	$ 677,586	$ 687,097	$ 761,265	$ 572,842	$ 721,648	$ 958,059
Annual Meeting	418,514	403,538	484,097	464,089	593,044	621,988
Special Programs	934,854	1,036,871	1,022,414	1,139,253	1,103,918	1,097,236
Governance	170,504	191,495	196,923	274,242	167,101	234,471
Membership, Business Office and Sales	378,771	408,693	416,181	415,624	496,413	509,199
General Operating and Building	506,317	497,225	470,864	581,405	578,696	607,827
Total	$ 3,086,546	$ 3,224,919	$ 3,351,744	$ 3,447,455	$ 3,660,820	$ 4,028,780

Table 6
Operating Budget

Summary of Actual Revenue Line Items for Fiscal Year 2003–04 and Projected Revenues for Fiscal Year 2004–05

	Revenue		
Category	Actual 2003–04	Projected 2004–05	Percentage of Projected
Membership Individual (incl. sections and postage)	$ 1,493,674	$ 1,410,500	33%
Sales, Advertising, Journals	889,084	997,440	24%
Annual Meeting	962,077	954,000	23%
Departmental Programs	225,708	205,000	5%
Centennial Center	124,735	117,500	3%
Interest and Dividends	105,676	287,900	7%
Rent	110,324	115,000	3%
Employment Services	59,745	78,000	2%
Administrative and Miscellaneous	55,783	55,000	1%
Total Revenue	$ 4,026,806	$ 4,220,340	100%

Summary of Actual Expense Line Items for Fiscal Year 2003–04 and Projected Expenses for Fiscal Year 2004–05

	Expenses		
Category	Actual 2003–04	Projected 2004–05	Percentage of Projected
Journals	$ 696,337	$ 719,725	17%
Annual Meeting/Teaching and Learning	630,146	644,650	15%
Committee Programs	361,266	453,500	11%
Publications, Internet and Sales	268,730	282,000	7%
General Administration	223,366	242,500	6%
Member Services	238,149	234,000	6%
Building and Equipment	234,025	245,000	6%
Business Office	264,042	255,700	6%
Governance	234,471	227,000	5%
Education and Professional Development	154,468	177,000	4%
Organized Sections	168,865	162,500	4%
APSA Representation	170,970	143,150	3%
Centennial Center	89,176	117,500	3%
Depreciation	150,437	145,000	3%
Departmental Programs	51,104	91,000	2%
Employment Services	67,289	55,000	1%
Endowed Awards	25,939	22,250	1%
Total Expenses	$ 4,028,780	$ 4,217,475	100%

operations (general administration, building and equipment, business office, and depreciation) increased 9.5% in 2003–2004. Even though, as in past years, we planned to take a drawdown from the endowment to support core operations, we did not need to use those funds (please see Tables 3, 4, and 5 for multi-year comparisons).

For the fiscal year ending June 30, 2004, the operating budget anticipated revenues of $4.049 million, expenses of $4.092 million, and a net loss of $42,850. In this budget cycle the Council authorized additional capital expenditures from reserves to support a technology plan to upgrade the APSA physical computer network, improve network security, initiate a records archive process, and introduce content management capabilities for the APSA web site. During the year, the actual net loss of less than $2,000 was the result of timing associated with some projects and significant savings in the cost of the content management system. (Please see Table 6 for a detailed comparison of fiscal year revenue and expenses compared to budget.)

The Council approved a modest annual membership dues increase, which went into effect on July 1, 2004. This resulted in an increase of one dollar for students and increases ranging from two to six dollars for professional members. Student dues are now $37 per year; professional dues range from $78 (for those earning less than $40,000 per year) to $190 (for those earning more than $100,000).

The fiscal year 2004–2005 budget projects a revenue increase of 4.2% over the prior year and an increase in expenses of 3.0%. The budget forecasts that 33% of total revenue will come from individual memberships, 24% from journals, sales, and advertising, and 23% from Annual Meeting and Teaching and Learning Conference activities. The remaining 21% will derive from administrative sources (rent, investment income, etc., aggregated at 12%), departmental programs (5%), the

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Centennial Center (3%) and employment services (1%).

On the expense side of the ledger, costs for the three journals are expected to account for 17% of all operating expenses in fiscal year 2005, followed by the Annual Meeting and Teaching and Learning Conference at 15%, committee programs at 11%, and building and equipment (including depreciation costs) at 10%. Each of the following programs will constitute 5–6% of operating costs: governance, business office, general administration, and member services. At 5% or less are costs related to departmental programs, organized sections, representation, education and professional development, employment services, the web site and technology services, the Centennial Center, program review, and endowed awards.

APSA Operations in 2003–2004

APSA had numerous accomplishments in fiscal year 2003–2004, including key transitions in several important program areas. Michael Brintnall served his second full year as Executive Director. The restructuring of staff responsibilities resulted in the placement of three directors—Pauline Karpowicz, Christina Scarmeas, and Sean Twombly—into senior leadership positions. Program support positions were fully staffed during the year as well. The headquarters building also sustained extensive restructuring on two fronts. First, following major interior renovations to the top three floors of the headquarters building, APSA launched the Centennial Center for Political Science and Public Affairs in the fall of 2004. Additionally, APSA completed extensive restoration of its headquarters brickwork and exterior surfaces.

The 2003 Annual Meeting in Philadelphia and the 2004 Annual Meeting in Chicago were both hugely successful events. Online resources, including Annual Meeting programming, myApsa, and department services capabilities have afforded APSA members expansive opportunities to enjoy direct access to and control of Association services and membership renewal.

APSA Operations in 2004–2005

The current fiscal year, 2004–2005, also promises many important achievements. The purchase of a townhouse office building adjacent to the Association headquarters was completed in July 2004. The implementation of the APSA web site content management system, which will simplify staff updates to web content, further extend content management to our external audiences, and support collaborative workspaces for committees and members, is underway as this report is written.

The Council has enthusiastically endorsed a wide range of significant programs to serve APSA's members. These include initiatives on public presence, mentoring, and international and graduate education, among others. APSA's leadership and staff are taking advantage of ever-increasing opportunities to serve our members and the profession. It is our ongoing challenge to find cost-effective ways to maintain and expand the Association's programs while at the same time protecting APSA's assets and ensuring its sound financial future.

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