

THE ECONOMETRIC SOCIETY ANNUAL REPORTS
REPORT OF THE TREASURER

MONTRÉAL, CANADA
AUGUST 15–21, 2015

1. 2014 ACCOUNTS

THE TOTAL ASSETS OF THE ECONOMETRIC SOCIETY remained stable in 2014, at \$3.13 million at the end of the year. The Society's net worth stood at \$2.48 million, an increase of 12.9% over the year. The value of the Society's financial portfolio (cash and investments) decreased slightly, from \$2.69 million to \$2.52 million over 2014. Table I presents the end-of-year balance sheet of the Society from 2011 to 2014.

Table II gives the revenues of the Society and Table III gives its expenses. This year the Society had a positive net operating income, of \$119,252. This is largely due to the good performance of our US equity portfolio; the Society still needs to explore alternative sources of revenue in the face of decreasing income from institutional subscriptions.

Since 2013 the Society employs Schulman Lobel of North Brunswick, New Jersey as its accounting firm to assist us with bookkeeping and advise us on compliance requirements. Our auditors Rothstein, Kass & Company were taken over by KPMG of New York on July 1, 2014; this delayed the audit of our 2013 accounts, which were only validated in February 2015. We hired Eisner-Amper to audit our 2014 accounts and they should report early in the fall.

2. MEMBERSHIP AND INSTITUTIONAL SUBSCRIPTION RATES

The Executive Committee decided in 2009 to introduce a three-tier pricing scheme for institutional subscriptions. The tiers are based on the World Bank classification of countries, with a high-income tier, a middle-income tier, and a low-income tier comprising those economies classified as low-income by the World Bank plus the International Development Association (IDA) countries. Income classifications are set by the World Bank each year on July 1.

The Executive Committee agreed by e-mail in June 2015 to increase the institutional subscription rates by 6% for all countries in 2015, and to leave the premium for the "print + online" subscription at 20%. The resulting rates are shown below.

TABLE I
ECONOMETRIC SOCIETY BALANCE SHEETS, 2011–2014

(Unit U.S. Dollars)	2011	2012	2013	2014
Assets				
Current Assets	2,647,886	2,711,117	3,121,634	3,130,856
Cash and Cash Equivalents	638,434	637,706	658,641	416,513
Investments at Fair Value	1,649,474	1,766,437	2,030,137	2,100,132
Receivables	214,734	155,242	273,239	455,655
Publication Inventory	14,625	15,845	19,912	12,720
Other Current Assets	130,619	135,887	139,705	145,807
Other Assets	383	4,022	3,218	2,504
Total Assets	2,648,269	2,715,139	3,124,853	3,133,360
Liabilities				
Current Liabilities	908,125	831,866	924,076	648,762
Accounts Payable	170,454	133,136	70,842	79,992
Deferred Revenues	737,671	698,730	853,234	568,770
Net Worth	1,740,144	1,883,273	2,200,777	2,484,598
Unrestricted	1,584,298	1,728,378	2,037,866	2,320,668
Restricted	155,846	154,895	162,910	163,929
Total Liabilities	2,648,269	2,715,139	3,124,853	3,133,360

TABLE II
ECONOMETRIC SOCIETY REVENUES, 2011–2015

(Unit U.S. Dollars)	2011	2012	2013	2014	2015 Estimated
Dues and Subscriptions	1,046,607	1,078,643	1,123,322	1,387,162	1,200,000
Other Operating Revenue	56,791	61,387	101,475	57,273	60,000
Other Publishing Income	42,655	47,599	70,549	52,523	50,000
Meetings Income, Net	14,136	13,788	30,926	4,750	10,000
Total Operating Income	1,103,398	1,140,030	1,224,797	1,444,434	1,320,000
Investment Income	–63,729	222,241	297,602	70,528	100,000
Other Revenue	66,000	62,000	94,000	102,000	110,000
In-Kind Contribution (Rent)	56,000	62,000	94,000	102,000	110,000
Transfer From Restricted Account	10,000	0	0	0	0
Total Unrestricted Revenue	1,105,669	1,424,271	1,616,399	1,616,962	1,530,000

TABLE III
ECONOMETRIC SOCIETY EXPENSES, 2011–2015

(Unit U.S. Dollars)	2011	2012	2013	2014	2015 Estimated
Publishing	737,772	849,717	753,015	723,295	750,000
Editorial	420,471	405,127	403,244	390,617	410,000
Circulation	119,745	170,340	140,129	127,252	125,000
Production	185,597	263,523	213,720	198,233	200,000
Other Publishing Expense	11,959	10,727	(4,067)	7,192	15,000
Administrative	284,988	309,018	457,489	452,746	420,000
Salaries and Benefits	188,105	213,551	213,573	228,765	230,000
Imputed Rent Expense	56,000	62,000	94,000	102,000	110,000
Professional Fees	34,650	20,500	127,550	60,723	60,000
Other Administrative	6,233	12,967	22,366	10,647	20,000
Executive Committee	35,514	58,285	40,323	45,059	55,000
Travel Expense	12,880	38,981	19,475	25,382	35,000
Accommodation	14,740	9,794	10,756	12,091	10,000
Other Executive Committee Costs	7,894	9,510	10,091	7,646	10,000
Regional Grants	75,162	54,864	42,657	104,081	10,000
Other Operating Expenses	4,198	4,357	12,707	50,612	20,000
Total Operating Expenses	1,137,634	1,276,241	1,306,191	1,325,182	1,255,000
<i>Net Operating Income</i>	<i>−34,236</i>	<i>−136,211</i>	<i>−81,394</i>	<i>119,252</i>	<i>275,000</i>
Exceptional Expenses	85,162	61,758	676	1,399	20,000
World Congress Expenses	0	0	0	1,399	20,000
Penalties and Interest	10,000	6,894	676	0	0
Total Unrestricted Costs	1,222,796	1,337,999	1,212,868	1,326,581	1,275,000
<i>Net Unrestricted Income</i>	<i>−117,127</i>	<i>86,272</i>	<i>309,532</i>	<i>290,381</i>	<i>255,000</i>

TABLE IV
WORLD CONGRESS FUND, 2010–2014

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
<i>A. Income</i>	115,000	80,000	80,000	80,000	80,000
1. Transfer From General Fund	115,000	80,000	80,000	80,000	80,000
<i>B. Expenses</i>	435,000	0	0	0	0
1. Travel Grants	323,800	0	0	0	0
2. Transfer to Local Organizer	35,000	—	—	—	—
3. Transfer to General Fund	76,200	0	0	0	0
<i>C. Fund Balance</i>	80,000	160,000	240,000	320,000	400,000

TABLE V
RESTRICTED ACCOUNTS, 2010–2014

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
<i>A. Jacob Marschak Fund</i>					
1. Investment Income	6	2	2	0	2
2. Expenses	0	0	0	0	0
3. Fund Balance	17,812	17,814	17,816	17,817	17,819
<i>B. Far Eastern Fund</i>					
1. Investment Income	28	8	9	2	8
2. Expenses	0	10,000	0	0	0
3. Fund Balance	88,812	78,820	78,829	78,837	78,845
<i>C. Latin American Fund</i>					
1. Investment Income	8	2	2	0	2
2. Expenses	0	0	1,260	0	0
3. Fund Balance	22,725	22,727	21,470	21,471	21,474
<i>D. European Fund</i>					
1. Investment Income	3,692	–5,045	6,574	1,101	1,607
2. Transfer to Region	11,000	0	6,279	0	3,658
3. Fund Balance	41,530	36,485	36,780	44,783	45,791

	2015	2016
High income		
Print + Online	\$760	\$839
Online only	\$630	\$660
Middle income		
Print + Online	\$213	\$226
Online only	\$160	\$170
Low income		
Print + Online	\$80	\$85
Online only	\$11	\$12

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The Executive Committee agreed in August 2014 to create a new low-income category for ordinary members, in order to spur membership in countries that are classified as “low income countries” by the World Bank. In August 2015 it

decided to increase the individual membership rates by 10% for all categories except for the low-income category.

	2015	2016
Ordinary member (High income)		
Print + Online	\$175	\$193
Online only	\$115	\$127
Ordinary member (Middle income)		
Print + Online	\$82	\$90
Online only	\$26	\$29
Ordinary member (Low income)		
Print + Online	\$60	\$60
Online only	\$10	\$10
Student member		
Print + Online	\$82	\$90
Online only	\$26	\$29

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TABLE VI
ECONOMETRIC SOCIETY INVESTMENT PORTFOLIO

Name of Fund	Market Value 7/31/2014		Market Value 12/31/2014		Market Value 7/30/2015	
	\$	%	\$	%	\$	%
<i>Unrestricted Investment Portfolio</i>	2,155,880	100.0	2,148,624	100.0	2,222,973	100.0
Fidelity Money Market	116,063	5.4	116,069	5.4	161,401	7.3
Spartan S/T Treasury Bond	212,498	9.9	213,796	10.0	161,499	7.3
Fidelity Total Bond	98,970	4.6	100,443	4.7	121,508	5.5
Fidelity Inflation Prot. Bond	133,910	6.2	131,168	6.1	123,711	5.6
Spartan 500 Index	704,413	32.7	757,743	32.0	695,470	31.3
Spartan International Index	678,145	31.5	626,720	35.3	688,161	31.0
Fidelity Emerging Markets	111,874	5.2	106,332	5.0	109,822	4.9
Fidelity Govt. Money Market	100,007	4.6	96,353	4.8	161,401	7.3
<i>Restricted Investment Portfolio</i>	163,988	100.0	163,930	100.0	168,449	100.0
Fidelity Money Market	118,132	72.0	118,139	72.5	118,145	70.1
Spartan International Index	45,856	28.0	45,791	27.5	50,304	29.9
<i>Working Capital</i>	655,844	100.0	183,263	100.0	773,868	100.0
Fidelity Cash Reserves	4,712	0.7	4,713	0.9	0	0.0
Chase Accounts	651,132	99.3	178,550	97.7	773,868	100.0
<i>Total Financial Assets</i>	2,975,712	100.0	2,495,817	100.0	3,165,290	100.0

3. INVESTMENTS

The Society's Investments Committee consists of the Executive Vice-President and two Fellows appointed by the Executive Committee for a term of three years that can be renewed once. Since 2013 the appointed Fellows are Darrell Duffie and José Scheinkman.

The composition of the Society's portfolio at the beginning of 2014 was close to the benchmark asset allocation of 20 percent cash and short-term US government bonds, 15 percent other bonds, 30 percent US equities, 30 percent international equities, and 5 percent emerging market equities. Since then market fluctuations changes in these proportions have shifted the portfolio towards US equities and away from other bonds. The Investments Committee reallocated in order to bring the riskiness of the portfolio closer to the benchmark. The numbers below and I the last column of Table VI reflect this reallocation.

On July 30, 2015, the total value of the unrestricted investment portfolio was \$2,229,973. The breakdown by type of asset was 21.8 percent cash and short-term US government bonds, 11.0 percent other bonds, 31.3 percent US equities, 31.0 percent international equities, and 4.9 percent emerging markets equities (Table VI, final column). After accounting for transfers, the overall yearly return on the unrestricted portfolio from the end of 2014 to end July 2015 was 7.2 percent. All investments are in no-load Fidelity mutual funds.

BERNARD SALANIE
Treasurer