

THE ECONOMETRIC SOCIETY ANNUAL REPORTS  
REPORT OF THE TREASURER

OSLO, NORWAY  
AUGUST 24–25, 2011

1. 2010 ACCOUNTS

THE 2010 ACCOUNTS of the Econometric Society show a surplus of \$231,100 (Table III, Line G). The surplus is much higher than the estimate of \$40,000 at this time last year. Total revenues were \$1,359,531 (Table II, Line D) and total expenses were \$1,128,431 (Table III, Line F). The revenues were greater than last year's estimates by \$99,531, with significant positive deviations in membership and subscription revenues and in investment income (Table II, Lines A and C). The expenses were lower than last year's estimates by \$91,569, with significant negative deviations in publishing, administrative, and meeting expenses (Table III, Lines A, C, and E).

The net worth of the Society on 12/31/2010 went up to \$1,598,465 (Table I, Line C). Consequently, the ratio of net worth to total expenses on 12/31/2010 was 142 percent, a figure which is at the middle of the target range between 120 and 160 percent agreed by the Executive Committee in August 2007.

Table I shows the balance sheets of the Society for the years 2006–2010, distinguishing between unrestricted assets and liabilities, whose difference gives the Society's net worth, and five restricted accounts: The World Congress Fund, which is a purely bookkeeping entry that serves to smooth the expenses every five years on travel grants to the World Congress, the Jacob Marschak Fund, devoted to support the Marschak lectures at regional meetings outside Europe and North America, and the Far Eastern, Latin American, and European Funds, which are held in custody for the convenience of the corresponding Regional Standing Committees.

Tables IV and V show movements in the World Congress Fund and the other restricted accounts for the years 2006–2010. Of the total \$400,000 allocated to travel grants to the 2010 World Congress in Shanghai, only \$323,800 were spent, transferring \$76,200 to the Society's General Fund (Table IV, Lines B1 and B3). Interestingly, these figures are almost identical to those corresponding to the 2005 World Congress in London. In addition, the Executive Committee decided to contribute \$35,000 to the rental of the second venue for the 2010 World Congress (Table IV, Line B2).

Table II shows the actual revenues for 2009, the estimated and actual revenues for 2010, and the estimated revenues for 2011 and 2012. Total revenues for 2011 are expected to be 19.1 percent lower than those for 2010, because of the reduction in membership and subscription revenues (Line A),

TABLE I  
ECONOMETRIC SOCIETY BALANCE SHEETS, 2006–2010

	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
	\$	\$	\$	\$	\$
<i>A. Unrestricted Assets</i>	1,801,710	2,203,312	1,896,510	2,565,714	2,419,275
1. Short Term Assets	63,854	117,574	96,245	357,540	231,102
2. Investments	1,548,878	1,753,807	1,428,604	1,882,888	1,926,829
3. Accounts Receivable	167,360	245,755	266,921	260,669	187,067
4. Back Issue Inventory	1,884	7,913	26,587	0	0
5. Furniture and Equipment	2,459	3,161	1,545	1,157	1,157
6. Other Assets	17,275	75,102	76,608	63,460	73,120
<i>B. Unrestricted Liabilities</i>	554,504	778,093	786,929	1,198,349	820,810
1. Accounts Payable	37,861	99,103	117,257	135,295	127,108
2. Deferred Revenue	356,643	438,990	349,672	663,054	613,702
3. World Congress Fund	160,000	240,000	320,000	400,000	80,000
<i>C. Unrestricted Fund Balance</i>	1,247,206	1,425,219	1,109,581	1,367,365	1,598,465
<i>D. World Congress Fund Balance</i>	160,000	240,000	320,000	400,000	80,000
<i>E. Jacob Marschak Fund Balance</i>	26,560	24,926	21,649	17,806	17,812
<i>F. Far Eastern Fund Balance</i>	66,624	70,016	68,047	88,784	88,812
<i>G. Latin American Fund Balance</i>	23,103	21,941	22,577	22,717	22,725
<i>H. European Fund Balance</i>	—	64,903	38,011	48,838	41,530

TABLE II  
ECONOMETRIC SOCIETY REVENUES, 2009–2012

	Actual 2009	Estimate 2010	Actual 2010	Estimate 2011	Budget 2012
	\$	\$	\$	\$	\$
<i>A. Membership and Subscriptions</i>	900,563	1,050,000	1,120,581	1,000,000	1,020,000
1. Total Revenue	1,213,945	1,100,000	1,071,229	975,000	1,020,000
2. Change in Deferred Revenue	(313,382)	(50,000)	49,352	25,000	0
<i>B. Other Revenues</i>	96,020	60,000	54,721	60,000	50,000
1. Back Issues	31,233	30,000	31,215	32,000	32,000
2. Reprints and Royalties	878	2,000	1,482	2,000	2,000
3. Advertising	3,350	5,000	6,050	6,000	6,000
4. List Rentals	1,390	2,000	1,284	1,000	1,000
5. Permissions	6,925	6,000	10,527	9,000	9,000
6. North American Meetings	52,244	15,000	4,163	10,000	0
<i>C. Investment Income</i>	336,338	150,000	184,229	40,000	160,000
1. Interest and Dividends	34,665	35,000	33,614	30,000	30,000
2. Capital Gains (Losses)	301,674	115,000	150,615	10,000	130,000
<i>D. Total Revenues</i>	1,332,921	1,260,000	1,359,531	1,100,000	1,230,000

TABLE III  
ECONOMETRIC SOCIETY EXPENSES, 2008–2011

	Actual 2009 \$	Estimate 2010 \$	Actual 2010 \$	Estimate 2011 \$	Budget 2012 \$
<i>A. Publishing</i>	279,318	365,000	321,265	350,000	345,000
1. Composition	85,415	140,000	118,965	125,000	125,000
2. Printing	57,912	90,000	89,721	90,000	85,000
3. Inventory	26,587	0	0	0	0
4. Circulation	61,525	80,000	51,743	75,000	75,000
5. Postage	47,879	55,000	60,836	60,000	60,000
<i>B. Editorial</i>	404,326	485,000	476,807	470,000	491,000
1. Editors	294,375	357,500	347,500	347,500	367,500
2. Editorial Assistants	100,362	100,000	103,664	110,000	110,000
3. Software	6,924	21,500	20,945	6,500	7,000
4. Meetings	2,665	6,000	4,698	6,000	6,500
<i>C. Administrative</i>	216,793	205,000	192,081	207,000	206,000
1. Salaries and Honoraria	135,704	140,000	127,744	140,000	140,000
2. Administrative Support	10,000	10,000	11,000	10,000	10,000
3. Accounting and Auditing	60,740	40,000	39,945	41,000	41,000
4. Office	5,189	5,000	3,730	8,000	7,000
5. Website	5,160	9,000	7,361	6,000	6,000
6. IRS	0	1,000	2,301	2,000	2,000
<i>D. Executive Committee</i>	42,241	30,000	33,588	40,000	40,000
<i>E. Meetings</i>	132,459	135,000	104,690	148,000	148,000
1. World Congress Fund (Net)	80,000	115,000	38,800	80,000	80,000
2. World Congress Expenses	0	0	42,263	0	0
3. Regional Meetings	52,459	20,000	23,627	68,000	68,000
<i>F. Total Expenses</i>	1,075,137	1,220,000	1,128,431	1,215,000	1,230,000
<i>G. Surplus</i>	257,784	40,000	231,100	(115,000)	0
<i>H. Unrestricted Fund Balance</i>	1,367,365	1,407,365	1,598,465	1,483,465	1,483,465
<i>I. Ratio of Unrestricted Fund Balance to Total Expenses</i>	1.27	1.15	1.42	1.22	1.21

caused by the decrease in the number of institutional subscribers, and the reduction in investment income (Line C), because of the recent evolution of the stock markets. The budget for 2012 incorporates an increase of 11.8 percent in total revenues as a result of the expected recovery in investment income.

Table III shows the actual expenses for 2009, the estimated and actual expenses for 2010, and the estimated expenses for 2011 and 2012. Total expenses for 2011 are expected to be 7.7 percent higher than those for 2010, as a result of the increase in publication, administrative, and meeting expenses (Lines A,

TABLE IV  
WORLD CONGRESS FUND, 2006–2010

	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$
<i>A. Income</i>	80,000	80,000	80,000	80,000	115,000
1. Transfer From General Fund	80,000	80,000	80,000	80,000	115,000
<i>B. Expenses</i>	0	0	0	0	435,000
1. Travel Grants	0	0	0	0	323,800
2. Transfer to Local Organizer	—	—	—	—	35,000
3. Transfer to General Fund	0	0	0	0	76,200
<i>C. Fund Balance</i>	160,000	240,000	320,000	400,000	80,000

C, and E). The budget for 2012 incorporates a small increase of 1.2 percent in total expenses. These figures together with the estimates of total revenues in Table II imply an estimated deficit of \$115,000 for 2011 and a zero surplus for 2012, after allocating \$80,000 each year to the World Congress Fund. Consequently the ratio of net worth to total expenses is expected to go down to 122 percent in 2011 and to 121 percent in 2012, just at the lower end of the target range agreed by the Executive Committee in August 2007.

TABLE V  
RESTRICTED ACCOUNTS, 2006–2010

	2006	2007	2008	2009	2010
	\$	\$	\$	\$	\$
<i>A. Jacob Marschak Fund</i>					
1. Investment Income	1,393	1,393	723	157	6
2. Expenses	3,844	3,029	4,000	4,000	0
3. Fund Balance	26,561	24,926	21,649	17,806	17,812
<i>B. Far Eastern Fund</i>					
1. Transfer From Region	0	0	0	20,314	0
2. Investment Income	3,048	3,392	2,031	423	28
3. Expenses	0	0	4,000	0	0
4. Fund Balance	66,624	70,016	68,047	88,784	88,812
<i>C. Latin American Fund</i>					
1. Investment Income	1,057	1,162	636	140	8
2. Expenses (Net)	0	2,324	0	0	0
3. Fund Balance	23,103	21,941	22,577	22,717	22,725
<i>D. European Fund</i>					
1. Transfer From Region	—	62,612	0	0	0
2. Investment Income	—	2,291	–26,892	10,827	3,692
3. Transfer to Region	—	0	0	0	11,000
4. Fund Balance	—	64,903	38,011	48,838	41,530

The 2010 financial statements have been compiled by David Ciciyasvili, 42 Vista Drive, Morganville, NJ 07751 and will be audited by Rothstein, Kass & Company, 1350 Avenue of the Americas, New York, NY 10019.

## 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. In the latest classification, high (low) income economies are those with 2010 gross national income per capita (calculated using the World Bank Atlas method) higher (lower) than \$12,276 (\$1,005). IDA countries are those that had a per capita income in 2010 of less than \$1,175 and lack the financial ability to borrow from the International Bank for Reconstruction and Development (IBRD).

The Executive Committee agreed by e-mail in June 2011 to revise institutional subscription rates for 2012 in the following manner:

	<u>2011</u>	<u>2012</u>
High income		
Print + Online	\$650	\$675
Online only	\$500	\$525
Middle income		
Print + Online	\$175	\$190
Online only	\$125	\$140
Low income		
Print + Online	\$60	\$75
Online only	\$10	\$10

Print + Online subscribers receive hard copies of the three Econometric Society journals (*Econometrica*, *Quantitative Economics*, and *Theoretical Economics*) for the corresponding year and have free online access to volumes of *Econometrica* back to 1999 (*Quantitative Economics* and *Theoretical Economics* are open access). Online only subscribers do not get the hard copies of the journals. Since 2006, institutional subscribers to *Econometrica* have perpetual online access to the volumes to which they subscribed.

The Executive Committee agreed in Oslo to revise individual membership rates for 2012 in the following manner:

	2011	2012
Ordinary member (High income)		
Print + Online	\$100	\$120
Online only	\$55	\$80
Student member (High income)		
Print + Online	\$60	\$65
Online only	\$15	\$25
Ordinary and student member (Middle and low income)		
Print + Online	\$60	\$60
Online only	\$15	\$20

Members who choose the Print + Online option receive hard copies of the three Econometric Society journals (*Econometrica*, *Quantitative Economics*, and *Theoretical Economics*) for the corresponding year and have free online access to volumes of *Econometrica* back to 1933 (*Quantitative Economics* and *Theoretical Economics* are open access).

### 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. During 2010, the appointed Fellows

TABLE VI  
ECONOMETRIC SOCIETY INVESTMENT PORTFOLIO

Name of Fund	Market Value 7/31/2010		Market Value 12/31/2010		Market Value 7/31/2011	
	\$	%	\$	%	\$	%
<i>Unrestricted Investment Portfolio</i>	2,029,927	100.0	1,926,829	100.0	1,992,257	100.0
Fidelity Money Market	434,637	21.4	364,717	18.9	190,012	9.5
Spartan S/T Treasury Bond	—	—	—	—	178,601	9.0
Fidelity Total Bond	107,301	5.3	108,969	5.7	114,221	5.7
Fidelity Inflation Protected Bond	104,038	5.1	105,613	5.5	115,560	5.8
Spartan 500 Index	611,936	30.1	610,586	31.7	634,124	31.8
Spartan International Index	622,070	30.6	601,502	31.2	622,909	31.3
Fidelity Emerging Markets	149,945	7.4	135,442	7.0	136,830	6.9
<i>Restricted Investment Portfolio</i>	175,825	100.0	170,879	100.0	162,360	100.0
Fidelity Money Market	129,325	73.6	129,349	75.7	119,356	73.5
Spartan International Index	46,499	26.4	41,530	24.3	43,004	26.5
<i>Working Capital</i>	597,231	100.0	349,508	100.0	484,871	100.0
Fidelity Cash Reserves	420,600	70.4	246,819	70.6	286,841	59.2
Northern Trust	176,631	29.6	102,689	29.4	198,030	40.8
<i>Total Financial Assets</i>	2,802,983		2,447,216		2,639,488	

were Darrell Duffie, whose first term ends on December 31, 2012, and Hyun Song Shin, whose second term ends on December 31, 2012.

During 2010, the Committee maintained, with only marginal deviations, the reference asset allocation of 20 percent cash, 10 percent bonds, and 70 percent equities, of which 45 percent correspond to U.S. equities, 45 percent to international equities, and 10 percent to emerging market equities. All investments are in no-load Fidelity mutual funds. A separate account fully invested in the Fidelity Cash Reserves Fund was opened in April 2010 to manage the liquidity of the Society without interfering with the allocation of its investments.

In January 2011, the Committee decided that the 20 percent allocated to cash could also be invested in short-term U.S. government bonds. Consequently, about 10% of the portfolio was transferred from the Fidelity Money Market Fund to the Spartan Short-Term Treasury Bond Fund.

On 7/31/2011, the total value of the unrestricted investment portfolio was \$1,992,257. The breakdown by type of asset was 18.5 percent cash plus short-term U.S. government bonds, 11.5 percent other bonds, 31.8 percent U.S. equities, 31.3 percent international equities, and 6.9 percent emerging markets equities (Table VI, Column 3). It should be noticed that the overall cash position was much higher than the reference value of 20 percent, since \$484,871 were kept as working capital either in the Fidelity Cash Reserves Fund or in our bank account at the Northern Trust. The return on the unrestricted investment portfolio in the year ending July 31, 2011 was 14.1 percent, as compared to the return of the S&P 500 stock market index of 17.3 percent.

RAFAEL REPULLO