

THE ECONOMETRIC SOCIETY ANNUAL REPORTS
REPORT OF THE TREASURER

TOULOUSE, FRANCE
AUGUST 24–25, 2014

1. 2013 ACCOUNTS

THE TOTAL ASSETS OF THE ECONOMETRIC SOCIETY stood at \$3.12 million at the end of 2013 compared to \$2.71 million in 2012. The Society's net worth stood at \$2.20 million, an increase of 16.9% over the year. The increase in net worth was essentially due to the capital gains on the Society's financial portfolio, whose value increased from \$2.40 million to \$2.69 million over 2013. Table I presents the end-of-year balance sheet of the Society from 2010 to 2013.

Table II gives the revenues of the Society and Table III gives its expenses. As in the past two years, the Society had a net operating loss. It was contained this year at $-\$81,435$ by a reduction in publishing costs, and a strong investment income allowed us to finish 2013 with a healthy net income of \$309,491. This should not obscure the continuing trends of a slow increase in our publishing income, in the face of a steady increase in our operating expenses. We project a larger net operating loss in 2014, and it would be imprudent to expect that our investment income will be as buoyant as it was in 2012 and 2013. In the end it is likely that the Society will just balance its accounts in 2014. We are currently exploring alternative sources of income, such as charitable donations.

Last year the Society engaged Schulman Lobel of North Brunswick, New Jersey as its accounting firm to assist us with book-keeping and advise us on compliance requirements. Rothstein, Kass & Company, New York audited the financial statements for the calendar years 2010, 2011, and 2012. They started the audit for the calendar year 2013 but they were taken over by KPMG of New York on July 1, 2014. KPMG is now completing our audit for 2013.

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 2014 to leave the institutional subscription rates unchanged for low- and middle income countries in 2015. For high-income countries the "online only" rate will increase by 7%, and

TABLE I
ECONOMETRIC SOCIETY BALANCE SHEETS, 2010–2013

(Unit U.S. Dollars)	2010	2011	2012	2013
Assets				
Current Assets	2,617,980	2,647,886	2,711,117	3,121,634
Cash and Cash Equivalents	734,417	638,434	637,706	658,641
Investments at Fair Value	1,603,643	1,649,474	1,766,437	2,030,137
Receivables	193,632	214,734	155,242	273,239
Publication Inventory	13,168	14,625	15,845	19,912
Other Current Assets	73,120	130,619	135,887	139,705
Other Assets	770	383	4,022	3,218
Total Assets	2,618,750	2,648,269	2,715,139	3,124,853
Liabilities				
Current Liabilities	826,204	908,125	831,866	924,076
Accounts Payable	212,502	170,454	133,136	70,842
Deferred Revenues	613,702	737,671	698,730	853,234
Net Worth	1,792,546	1,740,144	1,883,273	2,200,777
Unrestricted	1,621,667	1,584,298	1,728,378	2,037,866
Restricted	170,879	155,846	154,895	162,910
Total Liabilities	2,618,750	2,648,269	2,715,139	3,124,853

TABLE II
ECONOMETRIC SOCIETY REVENUES, 2010–2014

(Unit U.S. Dollars)	2010	2011	2012	2013	2014 Estimated
Dues and Subscriptions	1,120,581	1,046,607	1,078,643	1,123,322	1,120,000
Other Operating Revenue	109,514	56,791	61,387	101,475	65,000
Other Publishing Income	57,124	42,655	47,599	70,549	50,000
Meetings Income, Net	52,390	14,136	13,788	30,926	15,000
Total Operating Income	1,230,095	1,103,398	1,140,030	1,224,797	1,250,000
Investment Income	184,228	−63,729	222,241	297,602	150,000
Other Revenue	59,600	66,000	62,000	94,000	94,000
In-Kind Contribution (Rent)	48,600	56,000	62,000	94,000	94,000
Transfer From Restricted Account	11,000	10,000	0	0	0
Total Unrestricted Revenue	1,473,923	1,105,669	1,424,271	1,616,399	1,494,000

TABLE III
ECONOMETRIC SOCIETY EXPENSES, 2010–2014

(Unit U.S. Dollars)	2010	2011	2012	2013	2014 Estimated
Publishing	762,668	737,772	849,717	753,056	825,000
Editorial	446,164	420,471	405,127	403,244	410,000
Circulation	107,554	119,745	170,340	140,129	150,000
Production	192,727	185,597	263,523	213,750	250,000
Other Publishing Expense	16,223	11,959	10,727	(4,067)	15,000
Administrative	262,013	284,988	309,018	457,489	474,000
Salaries and Benefits	148,744	188,105	213,551	213,573	225,000
Imputed Rent Expense	48,600	56,000	62,000	94,000	94,000
Professional Fees	39,945	34,650	20,500	127,550	130,000
Other Administrative	24,724	6,233	12,967	22,366	25,000
Executive Committee	25,188	35,514	58,285	40,323	55,000
Travel Expense	9,758	12,880	38,981	19,475	35,000
Accommodation	5,834	14,740	9,794	10,756	10,000
Other Executive Committee Costs	9,596	7,894	9,510	10,091	10,000
Regional Grants	102,933	75,162	54,864	42,657	60,000
Other Operating Expenses	21,806	4,198	4,357	12,707	10,000
Total Operating Expenses	1,174,608	1,137,634	1,276,241	1,306,232	1,424,000
<i>Net Operating Income</i>	<i>55,487</i>	<i>−34,236</i>	<i>−136,211</i>	<i>−81,435</i>	<i>−194,000</i>
Exceptional Expenses	545,156	85,162	61,758	676	0
World Congress Expenses	354,922	0	0	0	0
Penalties and Interest	85,000	10,000	6,894	676	0
Tax	2,301	0	0	0	0
Total Unrestricted Costs	1,719,764	1,222,796	1,337,999	1,306,908	1,424,000
<i>Net Unrestricted Income</i>	<i>−245,841</i>	<i>−117,127</i>	<i>86,272</i>	<i>309,491</i>	<i>70,000</i>

TABLE IV
WORLD CONGRESS FUND, 2009–2013

	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
<i>A. Income</i>	80,000	115,000	80,000	80,000	80,000
1. Transfer From General Fund	80,000	115,000	80,000	80,000	80,000
<i>B. Expenses</i>	0	435,000	0	0	0
1. Travel Grants	0	323,800	0	0	0
2. Transfer to Local Organizer	—	35,000	—	—	—
3. Transfer to General Fund	0	76,200	0	0	0
<i>C. Fund Balance</i>	320,000	80,000	160,000	240,000	320,000

TABLE V
RESTRICTED ACCOUNTS, 2009–2013

	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
<i>A. Jacob Marschak Fund</i>					
1. Investment Income	157	6	2	2	0
2. Expenses	4,000	0	0	0	0
3. Fund Balance	17,806	17,812	17,814	17,816	17,817
<i>B. Far Eastern Fund</i>					
1. Transfer from Region	20,314	0	0	0	0
2. Investment Income	423	28	8	9	2
3. Expenses	0	0	10,000	0	0
4. Fund Balance	88,784	88,812	78,820	78,829	78,837
<i>C. Latin American Fund</i>					
1. Investment Income	140	8	2	2	0
2. Expenses	0	0	0	1,260	0
3. Fund Balance	22,717	22,725	22,727	21,470	21,471
<i>D. European Fund</i>					
1. Investment Income	10,827	3,692	−5,045	6,574	1,101
2. Transfer to Region	0	11,000	0	6,279	0
3. Fund Balance	48,838	41,530	36,485	36,780	44,783

the premium for the “print + online” subscription will be 20%. The resulting rates are shown below.

	2014	2015
High income		
Print + Online	\$746	\$760
Online only	\$586	\$630
Middle income		
Print + Online	\$213	\$213
Online only	\$160	\$160
Low income		
Print + Online	\$80	\$80
Online only	\$11	\$11

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 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. It also revised membership rates for 2015:

	2014	2015
Ordinary member (High income)		
Print + Online	\$165	\$175
Online only	\$110	\$115
Ordinary member (Middle income)		
Print + Online	\$80	\$82
Online only	\$25	\$26
Ordinary member (Low income)		
Print + Online		\$60
Online only		\$10
Student member		
Print + Online	\$80	\$82
Online only	\$25	\$26

Members who choose the Print + Online option receive hard copies of the three Econometric Society journals 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. In 2013 the appointed Fellows were Darrell Duffie and José Scheinkman.

The composition of the Society’s portfolio at the beginning of 2013 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. In January 2013, the Committee executed a modest rebalancing away from long-term bonds.

On 7/31/2014, the total value of the unrestricted investment portfolio was \$2,045,872. The breakdown by type of asset was 19.9 percent cash and short-term US government bonds, 10.8 percent other bonds, 32.7 percent US equities, 31.5 percent international equities, and 5.2 percent emerging markets equities (Table VI, final column). The overall return on the unrestricted portfolio from the end of 2013 to July 31 2013 was 7.1 percent. All investments are in no-load Fidelity mutual funds. A separate account fully invested in the

TABLE VI
ECONOMETRIC SOCIETY INVESTMENT PORTFOLIO

Name of Fund	Market Value 7/31/2013		Market Value 12/31/2013		Market Value 7/31/2014	
	\$	%	\$	%	\$	%
<i>Unrestricted Investment Portfolio</i>	2,045,872	100.0	2,083,282	100.0	2,155,880	100.0
Fidelity Money Market	165,049	8.1	116,056	5.6	116,063	5.4
Spartan S/T Treasury Bond	211,397	10.3	211,401	10.1	212,498	9.9
Fidelity Total Bond	94,234	4.6	95,168	4.6	98,970	4.6
Fidelity Inflation Prot. Bond	129,898	6.3	126,822	6.1	133,910	6.2
Spartan 500 Index	692,897	33.9	666,889	32.0	704,413	32.7
Spartan International Index	634,533	31.0	662,283	31.8	678,145	31.5
Fidelity Emerging Markets	116,864	5.7	104,662	5.0	111,874	5.2
Fidelity Govt. Money Market	1,000	0.0	100,001	4.8	100,007	4.6
<i>Restricted Investment Portfolio</i>	158,204	100.0	162,908	100.0	163,988	100.0
Fidelity Money Market	118,121	74.7	118,125	72.5	118,132	72.0
Spartan International Index	40,083	25.3	44,783	27.5	45,856	28.0
<i>Working Capital</i>	620,579	100.0	516,279	100.0	655,844	100
Fidelity Cash Reserves	4,712	0.8	4,712	0.9	4,712	0.7
Chase Accounts	379,118	61.1	504,365	97.7	651,132	99.3
Northern Trust	236,749	38.1	7,202	1.4	—	—
<i>Total Financial Assets</i>	2,666,451	100.0	2,762,469	100.0	2,811,724	100.0

Fidelity Cash Reserves Fund is used to manage the liquidity of the Society without interfering with the allocation of its investments.

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