

THE ECONOMETRIC SOCIETY ANNUAL REPORTS  
REPORT OF THE TREASURER

GENEVA, SWITZERLAND

AUGUST 21–26, 2016

1. 2015 ACCOUNTS

The total assets of the Econometric Society decreased by 5.3% in 2015, at \$2.97 million at the end of the year. The Society's net worth stood at \$2.14 million, a decrease of 13.7% over the year. The value of the Society's financial portfolio (cash and investments) also decreased, from \$2.52 million to \$2.39 million over 2015. Table I presents the end-of-year balance sheet of the Society from 2012 to 2015.

Table II gives the revenues of the Society and Table III gives its expenses. In 2015 the Society had a slightly negative net operating income, of  $-\$20,038$ . It was a World Congress year, and Table III reflects the expense of subsidizing more than two hundred young economists to participate in the conference. This was partly compensated by the reorganization of regional accounts described in Section 3. Neither of these factors will operate in 2016, and the Society faces a small but manageable deficit. In 2015 then-President Robert Porter appointed a Committee on the Financial Future of the Society, which has been exploring fund-raising options.

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. Eisner-Amper have been auditing our accounts since 2015.

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. These income classifications are updated by the World Bank each year on July 1.

The Executive Committee agreed by e-mail in June 2016 to increase the institutional subscription rates by 6% for all countries in 2017. The resulting rates are shown below.

	<u>2016</u>	<u>2017</u>
High income		
Print + Online	\$839	\$890
Online only	\$660	\$700
Middle income		
Print + Online	\$226	\$240
Online only	\$170	\$181
Low income		
Print + Online	\$85	\$86
Online only	\$12	\$13

Print + Online subscribers receive hard copies of the three Econometric Society journals (*Econometrica*, *Quantitative Economics*, and *Theoretical Economics*) for the correspond-

TABLE I  
ECONOMETRIC SOCIETY BALANCE SHEETS, 2012–2015

(Unit US Dollars)	2012	2013	2014	2015
<b>Assets</b>				
Current Assets	2,711,117	3,121,634	3,130,856	2,965,471
Cash and Cash Equivalents	637,706	658,641	416,513	184,531
Investments at Fair Value	1,766,437	2,030,137	2,100,132	2,193,819
Receivables	155,242	273,239	455,655	429,358
Publication Inventory	15,845	19,912	12,720	13,176
Other Current Assets	135,887	139,705	145,807	144,587
Other Assets	4,022	3,218	2,504	1,789
<b>Total Assets</b>	<b>2,715,139</b>	<b>3,124,853</b>	<b>3,133,360</b>	<b>2,967,260</b>
<b>Liabilities</b>				
Current Liabilities	831,866	924,076	648,762	822,457
Accounts Payable	133,136	70,842	79,992	101,920
Deferred Revenues	698,730	853,234	568,770	720,537
Net Worth	1,883,273	2,200,777	2,484,598	2,144,803
Unrestricted	1,728,378	2,037,866	2,320,668	1,980,137
Restricted	154,895	162,910	163,929	164,667
<b>Total Liabilities</b>	<b>2,715,139</b>	<b>3,124,853</b>	<b>3,133,360</b>	<b>2,967,260</b>

ing 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.

TABLE II  
ECONOMETRIC SOCIETY REVENUES, 2012–2016

(Unit US Dollars)	2012	2013	2014	2015	2016 Estimated
Dues and Subscriptions	1,078,643	1,123,322	1,387,162	1,008,805	1,100,000
Other Operating Revenue	61,387	101,475	57,273	69,714	80,000
Other Publishing Income	47,599	70,549	52,523	68,489	60,000
Meetings Income, Net	13,788	30,926	4,750	1,225	20,000
<b>Total Operating Income</b>	<b>1,140,030</b>	<b>1,224,797</b>	<b>1,444,434</b>	<b>1,078,519</b>	<b>1,180,000</b>
Investment Income	222,241	297,602	70,528	−5,860	50,000
Other Revenue	62,000	94,000	102,000	291,707	140,000
In-Kind Contribution (Rent)	62,000	94,000	102,000	107,227	110,000
Donations				33,193	30,000
Regional Accounts				151,287	
<b>Total Unrestricted Revenue</b>	<b>1,424,271</b>	<b>1,616,399</b>	<b>1,616,962</b>	<b>1,364,366</b>	<b>1,370,000</b>

TABLE III  
ECONOMETRIC SOCIETY EXPENSES, 2012–2016

(Unit US Dollars)	2012	2013	2014	2015	2016 Estimated
Publishing	849,717	753,015	723,295	807,471	770,000
Editorial	405,127	403,244	390,617	418,095	425,000
Circulation	170,340	140,129	127,252	146,190	135,000
Production	263,523	213,720	198,233	226,795	200,000
Other Publishing Expense	10,727	(4,067)	7,192	0	10,000
Administrative	309,018	457,489	452,746	474,545	500,000
Salaries and Benefits	213,551	213,573	228,765	237,943	245,000
Imputed Rent Expense	62,000	94,000	102,000	102,000	110,000
Professional Fees	20,500	127,550	60,723	74,995	80,000
Other Administrative	12,967	22,366	10,647	59,607	65,000
Executive Committee	58,285	40,323	45,059	47,921	60,000
Travel Expense	38,981	19,475	25,382	17,834	30,000
Accommodation	9,794	10,756	12,091	23,934	20,000
Other Executive Committee Costs	9,510	10,091	7,646	6,153	10,000
Regional Grants	54,864	42,657	104,081	0	50,000
Other Operating Expenses	4,357	12,707	50,612	16,391	20,000
<b>Total operating expenses</b>	<b>1,276,241</b>	<b>1,306,191</b>	<b>1,325,182</b>	<b>1,346,328</b>	<b>1,400,000</b>
<i>Net Operating Income</i>	<i>-136,211</i>	<i>-81,394</i>	<i>119,252</i>	<i>-20,038</i>	<i>-30,000</i>
Exceptional Expenses	61,758	676	1,399	465,705	20,000
World Congress Expenses	0	0	1,399	403,534	0
Penalties and Interest	6,894	676	0	1,105	0
Tax					
Regional Accounts				61,066	0
<b>Total Unrestricted Costs</b>	<b>1,337,999</b>	<b>1,212,868</b>	<b>1,326,581</b>	<b>1,812,033</b>	<b>1,420,000</b>
<i>Net Unrestricted Income</i>	<i>86,272</i>	<i>309,532</i>	<i>290,381</i>	<i>-447,667</i>	<i>-50,000</i>

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 2016 it also revised membership rates for 2017:

	2016	2017
Ordinary member (High-income)		
Print + Online	\$193	\$200
Online only	\$127	\$130
Ordinary member (Middle-income)		
Print + Online	\$90	\$95
Online only	\$29	\$30
Ordinary member (Low-income)		
Print + Online	\$60	\$65
Online only	\$10	\$10
Student member		
Print + Online	\$90	\$95
Online only	\$29	\$30

TABLE IV  
ECONOMETRIC SOCIETY FINANCIAL ASSETS

Name of Asset	Market Value 7/31/2015		Market Value 12/31/2015		Market Value 7/31/2016	
	\$	%	\$	%	\$	%
<i>Total Financial Assets</i>	2,893,824		2,387,728		3,017,538	
<i>Investment Portfolio</i>	2,843,167	100.0	2,133,673	100.0	2,774,796	100.0
<i>Cash and Short-Term US</i>	1,099,988	38.7	473,600	22.2	1,028,822	37.1
<i>Government Bonds</i>						
Fidelity Money Market	161,402		141,130		146,174	
Chase Accounts	776,617		170,936		717,368	
S/T Treasury Bond	161,969		161,534		165,280	
<i>Other bonds</i>	246,583	8.7	241,742	11.3	259,210	9.3
Fidelity Total Bond	122,219		120,400		129,502	
Fidelity Infl. Prot. Bond	124,364		121,342		129,708	
<i>US Equities</i>	693,974	24.4	680,135	31.9	733,269	26.4
Spartan 500 Index	693,974		643,909		693,126	
iShares Small Cap	—		36,226		40,141	
<i>International Equities Index</i>	692,986	24.4	636,263	29.8	641,207	23.1
<i>Emerging Markets Index</i>	109,636	3.4	101,932	4.8	112,290	4.0
<i>Australasia Account</i>	—	—	56,206	100.0	53,017	100.0
Fidelity Money Market	—	—	21,200	37.7	17,347	32.7
Cash (AUD in USD)	—	—	35,006	62.3	35,670	67.3
<i>Europe Account</i>	50,657	100.0	197,849	100.0	189,725	100.0
Fidelity Money Market	—	—	40	0.0	20,653	10.9
International Index	50,657	100.0	50,657	23.5	46,871	24.7
Cash (EUR in USD)	—	—	151,299	76.5	122,201	64.4

Ordinary and student 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. FINANCIAL ASSETS

The accounts of the Society were reorganized in 2015. The Society has three banking accounts at Chase, which contain most of its liquidity. In addition, it holds eight brokerage accounts at Fidelity: a main account, an account for each of the six regions, and a “restricted” account that funds the Marschak lectures. All investments are in no-load Fidelity mutual funds. The Society uses Chase bank accounts and Fidelity money market funds to manage its liquidity without interfering with the allocation of its investments.

The Society’s Investments Committee advises on the allocation of the Society’s assets, with the exception of the Australasia and Europe accounts, which will also aim at hedging exchange rate risk. The 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 Society’s portfolio approximates a benchmark asset allocation of 20 percent cash and short-term US government bonds, 15 percent other bonds, 30 percent US equities, 30

TABLE V  
RESTRICTED ACCOUNTS, 2011–2015

	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$
<i>A. Jacob Marschak Fund</i>					
1. Investment Income	6	2	2	1	3
2. Expenses	0	0	0	0	0
3. End-of-year Balance	17,814	17,816	17,817	17,819	17,822
<i>B. Asia Fund</i>					
1. Investment Income	28	8	9	8	12
2. Expenses	0	10,000	0	0	0
3. End-of-Year Balance	88,826	78,834	78,837	78,845	78,857
<i>C. Australasia Fund</i>					
1. Transfer from Region	—	—	—	—	56,206
2. Expenses	—	—	—	—	0
3. End-of-year Balance	—	—	—	—	56,206
<i>D. Latin America Fund</i>					
1. Investment Income	8	2	2	2	3
2. Expenses	0	0	1,260	0	0
3. End-of-Year Balance	22,728	22,730	21,472	21,474	21,477
<i>E. Europe Fund</i>					
1. Investment Income	3,692	–5,045	14,578	1,101	1,234
2. Transfer to Region	11,000	0	6,279	0	–150,824
3. End-of-Year Balance	41,530	36,485	44,784	45,791	197,849

percent international equities, and 5 percent emerging market equities. The percentage of cash depends on our cash-flow and is highly seasonal, as Table IV shows. In recent years the Investment Committee has preferred to keep a lower percentage of bonds. In addition, market fluctuations have shifted the portfolio slightly towards US equities and away from other assets, and the Investments Committee has reallocated the portfolio accordingly.

On 7/31/2016, the total value of the financial assets held by the Society was \$3,017,538. The overall yearly return on the Society's portfolio from the end of 2015 to end-July 2016 was 4.9 percent, after correcting for transfers during the period.

BERNARD SALANIE  
Treasurer