

Message from the Treasurer

Ron Dimock

In the Fall Newsletter a year ago (and at the business meeting in Toronto), I optimistically suggested that the financial news from the Annual Meeting in Anaheim might be good. Well, it's actually great! The audit for fiscal 2002 is complete, and the annual meeting finished in the black for the first time in at least 20–25 years, perhaps much longer. In contrast to the budget projection of nearly \$45,000 in the red for that meeting, we actually enjoyed a net income of nearly \$4,100! This speaks volumes to the cost-cutting that SICB has enjoyed under the skilled management of Burk & Associates, Inc., and especially to the efforts of Sue Burk and her Annual Meeting staff. In comparison, the Atlanta meeting (2000) was \$121,000 in the red, and Chicago, 2001, finished with a deficit of \$13,500. Completely reversing the "tradition" of losing in excess of \$100,000 per annual meeting to actually generating a profit is a financial outcome of considerable note. The prospects for the final reckoning of the meeting in Toronto seem equally optimistic, and with the overwhelming response to the meeting in New Orleans, we could be poised for celebration.

And the financial news in another sector is very encouraging...

In 2002, with the endorsement of the Executive Committee, the Finance Committee authorized a professional investment councilor to invest just under \$500,000 in a series of mutual funds, and \$200,000 in a real estate investment trust (REIT), roughly \$200,000 per quarter for the last 3 quarters of 2002. In respect to the mutual funds, SICB, together with nearly every other investor in the country, experienced the continuing downward trend of the market into the end of 2002 and the 1st quarter of 2003. By the end of the 1st quarter of this year, our mutual fund portfolio was down 17 % (but the S&P was off 26 %!) Our deficit diminished to –5 % in the 2nd quarter and at the 3rd quarter is –2 % (with the S&P at –13 %.) So, our rate of bleeding has slowed significantly.

However, the really good news is the status of the REIT, which pays a guaranteed dividend of 8 %, which is automatically reinvested. Thus, at the end of the 3rd quarter the REIT has increased by \$19,600 (9.8 %) which gives us an overall +1 % for our total of these investments. We are in the black! The recent changes in the market suggest that by the end of the 4th quarter, we should be much more confident about this component of our total financial situation.

However, there is ample reason to remain cautious and in fact to be vigilant if not concerned. That somewhat foreboding statement concerns the status of our journal, ICB. The problem is with institutional subscriptions. The combination of budget reductions for a great many libraries, the proliferation of electronic dissemination of publications (and the concomitant cancellation of hard-copy subscriptions) and a fluke with a major distributing house going bankrupt and causing a significant delay in the delivery of already printed publications has undermined library renewals not only of ICB but of a great many journals. For SICB this has meant that subscription income (and in fact, net income from the journal) in 2002 was down nearly \$110,000 from what was projected in the budget. While this is not yet a financial disaster, it clearly is reason to review the journal expenses and revenue very carefully. Income from the journal constitutes just over 50% of the Society's total annual income.

Clearly our investments have the potential to offset some decline in journal income, and a net positive balance for the annual meetings will be a major factor in the continuing financial health of SICB. But if we can attract new members, can encourage more people to elect Life Membership, and can persuade our own libraries to continue to subscribe to ICB, we can all contribute to the financial wellbeing of SICB. An outstanding attendance in New Orleans will also be a financial boost.