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APSA's Financial Operations 2017–18

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OVERVIEW

This report is a summary of APSA's finances for the 2017–18 fiscal year, ending September 30, 2018. More detailed financial information is also available on the APSA 990 federal tax form, which is available on the APSA website and the FY18 audit report that is available on request from the APSA Finance office.

APSA continues to have sufficient resources for current and future operations, and to expand the association's activities in new directions as needed. Over the past fiscal year, APSA's assets have increased in value from \$41.3 million to \$46.6 million. During the same period, liabilities increased only slightly from \$3.8 million to \$4.1 million.

Operating revenue was under budgeted revenue, but expenses were under budget as well. The net bottom line was consistent with expectations. The annual meeting in Boston was very successful coming in over budgeted revenue and under budgeted

expenses. APSA's journals and publications were on budget. Membership revenue was down slightly.

We worked closely with the investment committee recently completing a review of APSA's investment adviser, and we are currently updating the investment policy. The association is currently in the process of updating accounting systems that will make financial practices more efficient.

The association's financial condition remains healthy. APSA continues to operate in a sound financial environment, with steady income and growth-producing programs, minimal long-term liabilities, professional accounting practices, and a diversified investment portfolio.

APSA INVESTMENTS AND NET ASSETS FOR FISCAL YEAR 2017–18

The association's overall financial position remains very strong compared to other organizations of similar size. Assets are \$46.6 million and include APSA's headquarters

building and an adjacent commercial rental property.

As seen in table 1, APSA's liabilities are \$4.1 million, leaving equity at \$42.5 million. This includes \$5 million of permanently restricted net assets, \$19.4 million are temporarily restricted, and \$18.1 million of unrestricted or board-designated net assets.

Indicated in table 2, APSA's investments were valued at \$40 million on September 30, 2018. These assets by fund include the Working Capital Fund at \$2.9 million, the Trust and Development Fund at \$17.8 million, the Congressional Fellowship Fund at \$18.8 million and the MENA project at \$500k. The fair market value of APSA's investments increased by \$3.7 million during the fiscal year. There was a downturn in the investments at the end of calendar year 2018, however the market has fully recovered since.

APSA's portfolios have slightly outperformed the S&P 500 in recent years, and has benefited due to a strong economy and

Table 1

Balance Sheet: September 30, 2018 (with Comparable Totals for 2014–2017)

	2014	2015	2016	2017	2018
ASSETS					
Current Assets	\$33,357,745	\$32,150,308	\$34,594,273	\$38,238,182*	\$43,557,790
Property and Equipment	2,978,222	3,015,076	3,011,304	3,072,969	3,084,370
Total Assets	\$36,335,967	\$35,165,384	\$37,605,577	\$41,311,151*	\$46,642,160
LIABILITIES & NET ASSETS					
Liabilities	\$5,140,919	\$4,908,380	\$4,620,926	\$3,780,824*	\$4,129,022
Net Assets	31,195,048	30,257,004	32,984,652	37,530,327	42,513,138
Total Liabilities and Net Assets	\$36,335,967	\$35,165,384	\$37,605,578	\$41,311,151*	\$46,642,160

*Numbers vary slightly from published numbers in PS 52 (2).

Table 2

Investment Portfolio Summary for Trust Pool and Endowed Funds FY18

BY PORTFOLIO		MARKET VALUE		
General Operating Fund		\$3,493,666		
Trust Pool of Funds, Centennial Fund and Award Funds		17,825,253		
Congressional Fellowship Program Fund		18,764,646		
Total by Portfolio		\$40,083,565		
BY SECURITY TYPE		MARKET VALUE		% OF ASSETS
Domestic Equity		\$25,167,829		62.8%
International Equity		\$5,006,499		12.5%
Global Equity		\$73,651		0.2%
Emerging Equity		\$1,567,661		3.9%
Cash and Cash Equivalents		\$1,490,403		3.7%
Domestic Fixed Income		\$6,728,680		16.8%
Bonds		–		0.0%
Certificate of Deposits		\$48,842		0.1%
Total by Security Type		\$40,083,565		100.0%
PORTFOLIO ACTIVITY	GRANTS	TRUST	CFP	WORKING CAPITAL
Starting Balance at October 1, 2017	\$185,268	\$16,961,797	\$16,819,323	\$2,437,735
TRANSACTIONS				
Purchases/Transfers	372,200	271,306	–	528,967
Sales/Transfers	(47,333)	(1,274,036)	–	–
Net Investment Transactions	324,867	(1,002,730)	–	528,967
EARNINGS				
Earnings Reinvested (includes realized gains/losses)	–	653,360	–	–
Cash Dividends (reinvested)	7,589	363,609	376,745	33,871
Total Earnings	7,589	1,016,969	376,745	33,871
Change in Market Value at September 30, 2018	126	849,216	1,568,578	(24,756)
BALANCE ON SEPTEMBER 30, 2018	\$517,850	\$17,825,253	\$18,764,646	\$2,975,816

a heavily weighted portfolio towards US equity funds.

This resulted in the following returns:

1. The CFP account had an annual return of 11.6%.
2. The T&D account also had an annual return of 11.6%.
3. The Working Capital account earned 0.33%.
4. The MENA account had an annual return of 1.5%.

The Investment Committee interviewed several investment adviser firms over the past several months. Each firm was asked to state their investment philosophies in several areas such as US and international investments, equity and bond markets, and socially responsible investments. The committee decided to stay with the current investment advisers, AndCo Consulting.

We are currently working with the committee updating APSA's Investment Policy with the goal of maximizing returns and reducing risk. The revised policy will be completed and presented to the APSA Council in 2019.

THE OPERATING BUDGET FOR 17–18

The largest anticipated income sources for the year were conferences and meetings revenue of \$2.0 million, membership dues and fees of \$1.9 million, and journals and publications at \$1.6 million (table 3). Our largest anticipated expenditures were for programs at \$2.5 million, conferences and meetings at \$1.52 million, administrative costs of \$1.36 million, and the journals at \$1.29 million (table 4). (See table 5 for a multi-year perspective.)

Dividends and interest were budgeted conservatively for the year. APSA does not

budget for realized or unrealized gains or losses on investments.

OPERATIONS IN REVIEW: FY18

Operating revenue was just over \$7.0 million and operating expenditures came in below budget at \$7.2 million (see table 6 and 7). APSA's journals and publications were on budget. However, membership was down 6% from budget. The association has 28 employees at its headquarters in Washington DC, who support the association to serve the membership's programming goals and to respond to new directives and APSA Council projects.

The annual meeting in Boston was very successful with the highest attendance in nearly a decade. Our total attendance was 7,032 or a 10.5% increase over the 2017 San Francisco meeting attendance. Other initiatives in 2017–18 included sustained

Table 3

Operating Budget–Revenue

ACTUAL REVENUE FOR FISCAL YEAR 2016–2017
& PROJECTED REVENUE FOR FISCAL YEAR 2017–2018

CATEGORY	ACTUAL		PROJECTED
	2016–2017	2017–2018	% OF TOTAL
Membership - Individual (including sections & postage)	\$1,850,893	\$1,922,732	23%
Annual Meeting	1,837,575	1,907,895	23%
Journals and Publications	1,537,342	1,614,414	19%
Interest, Dividends, and Draws	759,222	1,237,505	15%
Departmental Services	379,162	405,248	5%
Administrative and Miscellaneous	28,363	24,511	0%
Employment Services	131,100	110,325	1%
Rent	367,214	371,826	4%
Teaching and Learning Conference	87,175	96,265	1%
CFP & Other Grants	500,926	609,277	7%
Centennial Center	844	6,000	0%
Total Revenue	\$7,479,816	\$8,305,998	100%

Table 4

Operating Budget–Expenditures

ACTUAL EXPENSE FOR FISCAL YEAR 2016–2017
& PROJECTED EXPENSE FOR FISCAL YEAR 2017–2018

CATEGORY	ACTUAL		PROJECTED
	2016–2017	2017–2018	% OF TOTAL
Annual Meeting	\$1,001,656	\$1,208,689	15%
Journals	948,821	990,158	12%
Committee Programs	89,647	140,073	2%
Building and Equipment	596,860	644,960	8%
Publications	422,847	503,960	6%
Business Office & Web & IT	552,710	530,718	6%
Governance & External Relations	702,354	742,302	9%
General Administration	358,920	471,200	6%
Member Services	221,948	229,423	3%
Organized Sections	279,300	330,566	4%
Teaching and Learning Conference	126,182	141,588	2%
Departmental Services	31,444	53,952	1%
Employment Services	14,295	28,087	0%
Education and Professional Development	615,216	835,393	10%
CFP & Other Grants	722,049	890,919	11%
Centennial Center	30,208	328,275	4%
Endowed Awards	49,788	60,275	1%
Other	63,074	37,000	0%
Total Expenses	\$6,827,319	\$8,167,538	100%
TOTAL REVENUE - EXPENSES	\$652,497	\$138,460	

efforts in the areas of public engagement, expanded department and international membership, the Teaching and Learning Conference, annual workshops in Middle East and North Africa, mentoring, and graduate education.

In February 2018 APSA held its fifteenth Teaching and Learning Conference in Baltimore. The conference theme was: “Teaching Politics as a Public Good: Citizenship and Civic Engagement in the Classroom.” The conference attracted a diverse group of political scientists from a wide variety of institutions and subfields. The 2018 APSA Annual Meeting was held in Boston and centered on the theme “Democracy and Its Discontents.” Following this, the annual meeting will be in Washington, DC from August 29 through September 1, 2019, exploring the theme “Populism and Privilege.” Beginning in 2020, the TLC will be a biennial event.

In 2018, APSA provided support for the APSA Ralph Bunche Summer Institute (RBSI) at Duke University, at a level of 15 students due to the receipt of a new National Science Foundation (NSF) grant to Duke University for the RBSI that covered 2016–18. APSA contributes direct cost support for teaching assistants.

An RBSI Advisory Committee charged with overseeing the development of long-term programming options is nearing the completion of their report. A development strategy outlining a three-year, \$1.25 million fundraising goal for the Ralph Bunche Fund that was submitted to APSA’s Council to support future efforts, and efforts to support the RBSI programs through institutional and individual philanthropy is continuing. Continued NSF funding for 2019–21 is being sought.

Board approved draws/fund transfers on the following programs are not included in the reporting of actual revenue activities within the financials. These amounts are only included in the budget column for budgeting and council reporting.

When draws/fund transfers are taken, they are reflected as a reduction of the Congressional Fellowship Fund and Trust and Development Funds and an increase of APSA General Operating Fund on the balance sheet (seen in table 8).

When budgeted draws/fund transfers are taken into consideration for operating activities and projects, Operating Net Profit (Loss) is as shown on table 9.

APSA and Cambridge University Press began a new 10-year agreement, effective

Table 5
Operating Budget 1992–2018: A Multi-Year Perspective

Year	Revenue	Expenditures	Change in Net Assets	% Change from Prior Year	
				Revenue	Expenditures
1992–1993	2,405,023	2,321,830	83,193	(*)	(*)
1993–1994	2,704,155	2,423,847	280,308	+12.4	+4.4
1994–1995	2,734,375	2,524,664	209,711	+1.1	+4.2
1995–1996	2,822,154	2,590,227	231,927	+3.2	+2.6
1996–1997	2,979,845	2,793,237	186,608	+5.6	+7.2
1997–1998	3,068,237	2,981,914	86,323	+3.0	+6.7
1998–1999	3,150,001	3,086,546	63,455	+2.7	+3.5
1999–2000	3,395,407	3,224,919	170,489	+7.8	+4.5
2000–2001	3,595,669	3,351,744	243,925	+5.9	+3.9
2001–2002	3,621,269	3,447,455	173,813	+0.7	+2.8
2002–2003	3,707,125	3,660,820	46,305	+2.4	+6.2
2003–2004	4,026,806	4,028,780	(1,974)	+8.6	+10.0
2004–2005	4,235,397	4,228,507	6,890	+5.2	+4.9
2005–2006	4,516,090	4,333,740	182,350	+6.6	+2.5
2006–2007	4,645,585	4,549,021	96,564	+2.9	+4.9
2007–2008	4,760,164	4,826,910	(66,746)	+2.5	+6.1
2008–2009	7,781,631	8,516,389	(734,758)	(**)	(**)
2009–2010	5,678,572	5,713,383	(34,810)	(**)	(**)
2010–2011	5,663,119	6,214,593	(551,474)	(.27)	+8.8
2011–2012	5,735,459	5,920,363	(118,904)	+1.3	-4.7
2012–2013	6,106,639	6,974,004	(867,365)	+6.5	+17.8
2013–2014	7,095,043	6,639,223	455,820	+16.19	-4.80
2014–2015	6,463,489	6,652,132	(188,643)	-8.90	-0.59
2015–2016	6,720,779	7,312,111	(591,332)	+4.0	+9.92
2016–2017	6,721,859	6,827,317	(105,459)	+0.02	-6.63
2017–2018	7,023,897	7,236,048	(212,151)	+4.49	+5.99

(*) In FY 1992–1993, APSA moved to a new budgeting system, making the figures in that year not comparable with those of prior years.

(**) In FY 2008–2009, APSA changed Year end from June 30th to September 30th, therefore budget is for 15 months.

Table 6
Operating Revenue Trends, 2014–2018

	2013–2014	2014–2015	2015–2016	2016–2017	2017–2018
Individual Memberships	\$1,545,997	\$1,496,971	\$1,433,288	\$1,478,160	\$1,473,684
Administrative	28,592	35,130	27,846	28,363*	20,002
Annual Meeting Registration/Other	1,434,308	1,337,945	1,574,405	1,516,135	1,810,264
Annual Meeting Advertising and Exhibits	335,821	316,520	329,750	321,440	305,190
Teaching and Learning Conference	101,003	73,671	94,630	87,175	88,385
Journals, Sales and Publications	1,439,191	1,361,452	1,405,782	1,537,342	1,612,636
Departmental Services and eJobs	516,823	480,010	508,124	510,262	538,689
Centennial Center	9,383	3,285	280	844	1,568
Congressional Fellowship & Other Grants	969,491	674,942	644,899	502,191	451,830
Other (section dues, rental income, etc.)	714,435	683,564	701,775	739,947	721,649
TOTAL REVENUE	\$7,095,043	\$6,463,489	\$6,720,779	\$6,721,859	\$7,023,897

*Includes \$6,700 2017 Bldg1527 Insurance Proceeds

Table 7

Operating Expenditure Trends 2014–2018

	2013–2014	2014–2015	2015–2016	2016–2017	2017–2018
Journals	\$765,725	\$842,678*	\$855,280	\$948,821	\$944,760
Annual Meeting	760,000	858,390	1,124,375	1,001,656	960,229
Teaching and Learning Conference	149,508	128,630	117,256	126,182	97,019
Programs and Projects	1,941,976	1,598,766	1,969,656	1,552,645	2,161,747
Governance	511,346	603,141	650,122	702,354	625,203
Membership	1,251,055	1,444,141*	1,669,982	1,472,968	1,334,177
General Operating and Building	1,259,614	1,124,514	925,440	1,022,692	1,112,913
Total Expense	\$6,639,223	\$6,600,260	\$7,312,111	\$6,827,317	\$7,236,048

* As of 2014–2015 Web Services has been moved to General Operating

January 1, 2017 through December 2026, for the publication of the *American Political Science Review (APSR)*, *PS: Political Science & Politics* and *Perspectives on Politics*. Overall, the contract is worth approximately \$17 million to APSA over the 10-year term.

SUMMARY

Overall, APSA is in a very strong financial position and is planning a number of new initiatives for the benefit of our membership including The Presidential Task Force on New Partnerships. Members with questions about our finances should contact APSA Executive Director Steven Rathgeb Smith at smithsr@apsanet.org. ■

Table 8

Budgeted Draws/Fund Transfers: 2017–18

Congressional Fellowship Program	\$327,200
T&D Draw for Operations	342,077
Centennial Center Draw-Oper.	50,129
Centennial Center Draw-Grant	50,122
Endowed Awards Draw	27,302
Board Designated TLC Draw	15,675
Total	\$812,505

Table 9

YTD Operating Net Profit

PER STATEMENT	YTD ACTUAL 2018
Operating Net Profit (Loss)	(\$247,031)
BUDGETED DRAWS	
CFP	327,200
T&D Draw for Operations	342,077
Centennial Center Draw-Oper.	50,129
Centennial Center Draw-Grant	50,122
Endowed Awards Draw	27,302
Board Designated TLC Draw	15,675
SUBTOTAL CHANGE IN NET ASSETS	\$565,474
Non-Operating Interest/Dividends Income	774,812
Change in Net Assets	\$1,340,286