

Treasurer's Report

Overall 1995 was another strong year financially for the Materials Research Society (MRS) and the culmination of a long-term plan to improve its overall financial position. After a significant loss occurred in 1990, the MRS Council determined that MRS needed to improve its financial performance to position the Society for long-term support of the membership. As can be seen in Figure 1, which is an eight-year net operating income summary (including budgeted returns for 1996 and 1997), two trends are apparent. First, the improvement in financial performance started in 1991 and continued through 1995. Then, after achieving a more secure financial base, the MRS Council started to reduce the financial goals as evidenced by the planned declines in net operating income in 1996 and 1997. Also, two components to note from the 1997 budget are that membership fees will remain unchanged for the fourth consecutive year, and meeting registrations will be held constant for the third consecutive year.

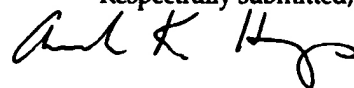
Specific to 1995, a detailed budget was built around operational objectives and financial goals established by the Executive Committee and the MRS Council. Managing to meet this budget generated a net operating income of \$390,100, or 7.3% of gross operating revenue. This return was consistent with 1994 when net operating income was \$355,200, or 7.2% of gross operating revenue. The big change in 1995 occurred in relation to the consolidated net income. As mentioned in the previous Treasurer's report, the MRS Council approved a new cash management system and investment policy that was implemented during 1995. This new system, coupled with the superior performance of the domestic stock market throughout 1995, produced very positive effects. As a result, when considering all Society activities (such as income from investments and contributions of designated funds) the net consolidated income (shown as Increase in Net Assets in Table I) was \$835,600, or 13.9% of the gross consolidated revenue. This return was significantly greater than 1994 when consolidated net income was \$462,200, or 8.8% of consolidated gross revenue.

The 1995 Statement of Financial Position (Table II) also remained very strong. Total assets were up 21% over 1994. This is substantially higher than the 12.4% compound annual growth rate (CAGR) in total assets over the past five years (Figure 2), and the increase can also be attributed to the success of the new investment policy.

The Society's cash flow was also very good during 1995 (Table III). The strong operating results and good balance sheet management generated an increase in cash from operations. The overall cash decreased, but that was caused by a transfer of funds into longer term investments.

In summary, not only was 1995 a successful year financially for the Society, but its completion marked a turning point in a continuing process. The Society met a long-term goal of improving the overall financial position of the organization in preparation for long-term support of the membership. The Society also accomplished the successful implementation of a new investment program to utilize the accumulated assets to support future operations. The net results are that some pricing structures have stabilized and budget goals have been reduced, while MRS still has the means to fund enhancements in the electronic services areas to support the membership and meeting activities.

Respectfully submitted,



Auda "Kay" Hays, Treasurer

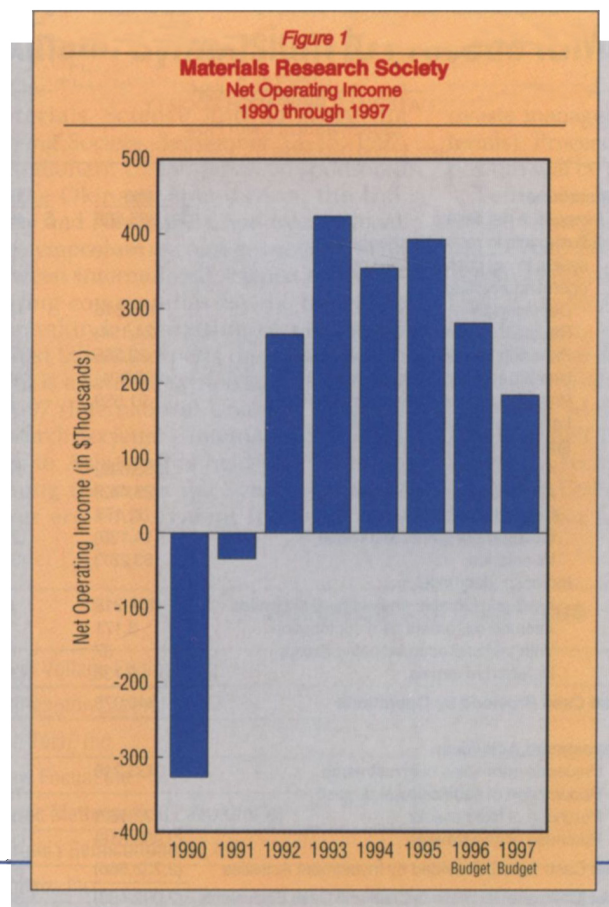


Table I

MATERIALS RESEARCH SOCIETY
Statements of Activities (Income Statement)
 Years Ended December 31, 1995 and 1994

	1995	1994
UNRESTRICTED NET ASSETS		
Revenue, Gains and Other Support:		
Meeting and seminar registration	\$ 1,620,454	\$ 1,532,500
Proceedings sales	1,164,867	1,004,715
Subscriptions	690,465	671,474
Membership dues	380,586	401,318
Education	53,932	106,230
Exhibit income	461,261	427,648
Advertising	392,103	341,846
Contributions	80,408	62,716
Mailing list rental	116,226	127,555
Miscellaneous income	139,748	64,119
Federal financial assistance	120,098	127,620
Other government funding	103,250	88,260
Corporate funding of symposia	216,882	199,087
Investments:		
Investment income	138,185	91,070
Net unrealized gain (loss) on investments	295,921	(15,518)
Net realized gains on investments	24,154	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	5,998,540	5,230,640
Expenses:		
Program Services		
Meetings	800,303	717,583
Proceedings	728,002	565,982
Subscriptions	664,285	698,877
Membership	477,295	395,948
Education	47,648	80,374
Symposia	223,219	226,402
Awards	35,294	25,697
	2,976,046	2,710,863
Supporting Services		
Management and general	2,200,558	2,057,619
TOTAL EXPENSES	5,176,604	4,768,482
INCREASE IN UNRESTRICTED NET ASSETS BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	821,936	462,158
Cumulative effect on prior year of a change in method of accounting for contributions	13,649	-
INCREASE IN NET ASSETS	835,585	462,158
Net Assets at Beginning of Year	3,426,668	2,964,510
Net Assets at End of Year	\$ 4,262,253	\$ 3,426,668

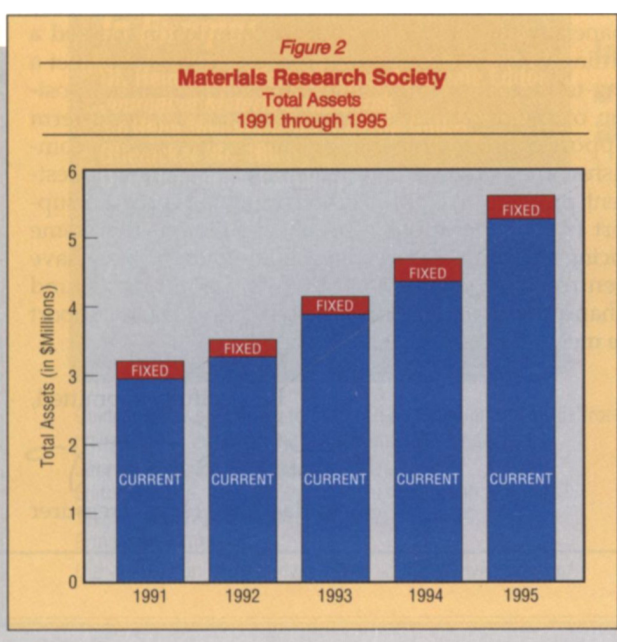


Table II

MATERIALS RESEARCH SOCIETY
Statements of Financial Position (Balance Sheet)
 December 31, 1995 and 1994

	1995	1994
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 897,999	\$ 2,990,487
Investments, at fair value	3,282,886	403,412
Accounts receivable, net	651,667	491,284
Inventories, net	281,334	309,606
Government grants receivable	64,884	50,745
Prepaid expenses	52,677	84,854
Accrued interest receivable	23,463	-
TOTAL CURRENT ASSETS	5,254,910	4,330,388
Fixed Assets:		
Data processing equipment and software	732,593	583,200
Furniture and office equipment	280,902	257,128
	1,013,495	840,328
Less: accumulated depreciation	614,398	499,553
	399,097	340,775
TOTAL ASSETS	\$ 5,654,007	\$ 4,671,163
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 534,119	\$ 399,201
Withheld and accrued payroll taxes	15,340	15,303
Accrued retirement plan contribution	21,705	18,534
Deferred revenues	820,590	811,457
TOTAL CURRENT LIABILITIES	1,391,754	1,244,495
Net Assets:		
Unrestricted	4,173,798	3,338,213
Permanently restricted	88,455	88,455
TOTAL NET ASSETS	4,262,253	3,426,668
TOTAL LIABILITIES AND NET ASSETS	\$ 5,654,007	\$ 4,671,163

Table III

MATERIALS RESEARCH SOCIETY
Statements of Cash Flow
 Years Ended December 31, 1995 and 1994

	1995	1994
Operations:		
Increase in net assets	\$ 835,585	\$ 462,158
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	114,845	109,472
Net realized gains on investments	(24,154)	-
Provision for uncollectible accounts	23,265	40,000
Unrealized (gain) loss on investments	(295,921)	15,518
Provision for inventory obsolescence	91,559	15,000
Loss on equipment disposal	-	9,063
(Increase) decrease in:		
Accounts receivable	(183,648)	172,361
Accrued interest receivable	(23,463)	13,665
Prepaid expenses	32,177	2,578
Government grants receivable	(14,139)	(22,020)
Inventories	(63,287)	(32,311)
Increase (decrease) in:		
Accounts payable and accrued expenses	134,918	69,067
Accrued retirement plan contribution	3,171	825
Withheld and accrued payroll taxes	37	(4,079)
Deferred revenues	9,133	(32,319)
Net Cash Provided by Operations	640,078	818,978
Investment Activities:		
Proceeds from sales of investments	433,219	-
Redemption of certificates of deposit	-	750,000
Purchase of fixed assets	(173,167)	(219,034)
Purchase of investments	(2,992,618)	(19,707)
Net Cash (Used) Provided by Investment Activities	(2,732,566)	511,259
Net (Decrease) Increase in Cash and Cash Equivalents	(2,092,488)	1,330,237
Cash and Cash Equivalents at Beginning of Year	2,990,487	1,660,250
Cash and Cash Equivalents at End of Year	\$ 897,999	\$ 2,990,487