

2005 ANNUAL REPORT

FINANCE COMMITTEE

Members

Paul Erickson
Ed Liebow
Carmella Moore
Doug Schwartz

Ex-Officio members

Elizabeth Brumfiel
Alan Goodman, Chair

AAA Staff

Sandy Berlin
Bill Davis
Suzanne Mattingly

1. Charge of the Finance Committee, approved by the Executive Board, Spring 2005) - To ensure the financial stability of the American Anthropological Association through the ongoing assessment and monitoring of AAA's annual operating budget, investment portfolio, grants and contribution activities, and annual audit report. Periodically develop, review, and/or modify financial and investment policy guidelines and financial performance benchmarks in support of AAA's long-range plan. Make recommendations, as appropriate, to Executive Board.

- Establish and monitor specific long term and annual financial performance benchmarks with regard to the investment portfolio, grants and contributions, reserve fund, annual operating budget, etc. in support of AAA's long range plan.
- Review and recommend financial and accounting policies (e.g., endowment guidelines, etc.).
- Review and modify, if appropriate, AAA Investment Policy Statement (IPS) Guidelines annually.
- Review investment performance on a quarterly basis (i.e., formally at the Finance Committee meeting in the spring and fall; informally otherwise) and recommend changes within the IPS Guidelines with regard to asset allocation and investment managers.
- Review and recommend the annual operating budget.
- Review and recommend acceptance of the external audit report (As of January 1, 2006, this responsibility has been deleted and assumed by the Audit Committee).
- Identify short and long-term fundraising goals, and review and monitor progress against accomplishing those goals.

In 2005, the Finance Committee:

- Recommended acceptance of the FY2005 External Audit Report to the Executive Board.
- Recommended that the Executive Board engage Raffa, PC as AAA's external audit firm for the 2005 – 2008 audit years. Engagement letter finalized in the fall of 2005.
- Began a long-range financial planning process so that the Finance Committee would have oversight for both the long term financial health and viability of the Association, as well as the current short-term monitoring of AAA's financial position.
- Reviewed and approved the FY2006 AAA Consolidated Operating Budget of \$8.34 million.
- Approved authorizing the drawdown up to \$294,000 from the AAA investment portfolio in FY2006 to fund additional costs of \$237,000 that AAA will incur because of the change in FY2006 meeting venue from San Francisco to San Jose (e.g., arbitration and other legal fees, reserve for potential loss, convention center rental, security, etc.); and b) \$57,000 in salary and benefits to conduct one-time internal consulting projects in support of AnthroSource.
- Created a new registration category for members who are either "under or unemployed", where any loss of revenue would be offset by increases to the member and retiree registration rates; added a "sustaining" membership category, priced at \$250, for which individuals would get recognition in the Guide, *Anthropology News*, AAA website, and a special ribbon at the Annual Meeting, and increased life member dues from \$2,000 to \$4,000, the first increase since sometime prior to 1989.
- Approved establishment of the Gordon R. Willey (AD), and the Lourdes Arizpe (A & E) Endowment Funds.
- Reviewed and discussed Quarterly Investment Performance Reports from A.G. Edwards at the semi-annual committee meetings with Brad Coyle, Senior Investment Advisor. A.G. Edwards provided an orientation on fiduciary responsibility, investment management, manager due diligence, and performance analysis to the finance committee.
- Provided input to the charge for the newly constituted Audit Committee, and recommended a modification to the Finance Committee charge. (Approved by Executive Board, November 30, 2005)

2. In 2006, the Finance Committee intends to:

- Continue with the long-range financial planning process and prioritization.
- Review AAA's Pension Plan
- Evaluate feasibility of income-based membership dues
- Revisit methodology for allocating AnthroSource digital subscription revenue

3. Goals as stated above have not changed.

4. No issues for LRPC.

5. No issues for AAA Executive Board