

**DATE:** 7 January 2007  
**TO:** American Anthropological Association Executive Board  
**FROM:** Ed Liebow, 2006 Finance Committee Chair  
**SUBJECT:** 2006 Annual Finance Committee Report

### **1. 2006 Finance Committee Members**

Ed Liebow (term: 2004-08), Chair; Paul Erickson (02-06), Carmela Moore (02-06), Charles Cambridge (06-10), Doug Schwartz (06-10), Setha Low (06-07 - *ex officio*), Alan Goodman (06-07 *ex officio*); Staff: Bill Davis, Elaine Lynch, Suzanne Mattingly

### **2. 2006 Finance Committee Activities**

The Committee's mission is to ensure the Association's financial stability 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.

During 2006, the Finance Committee met twice (in person in April 2006 and by teleconference in October 2006). Our accomplishments included:

- Continuing a long-range financial planning process to strengthen our 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.
- Recommending that the Executive Board approve a new income-based membership dues scheme.
- Reviewing Quarterly Investment Performance Reports from A.G. Edwards at the semi-annual committee meetings with Brad Coyle, Senior Investment Advisor.
- Receiving the Audit Committee's report on the FY2005 Annual Audit.
- Reviewing and approving the FY2007 AAA Consolidated Operating Budget of \$6.9 million.
- Met with Section Treasurers to discuss the annual budgeting process and short-term financial challenges posed by the transition to a digital publishing model.

These activities are consistent with Article VI of the Long Range Plan, to strengthen its internal working relationships among its Sections and Committees and the National Office by better communicating its organizational structure, its long-range plan, and its financial and programmatic activities.

### **3. 2007 Planned Finance Committee Activities**

The Committee will add two members to replace Paul Erickson and Carmela Moore, whose terms have expired.

The Committee will meet quarterly by phone conference, with no in-person meetings planned, except perhaps an informal meeting at the Annual Meeting in Washington.

Routine responsibilities to be completed in 2007 include:

- Receiving the Auditor's Report
- Reviewing investment portfolio performance

- Working with the AAA staff to develop the 2008 budget

In addition, the Committee aims to complete the following activities:

- Recommend to the Executive Board our concrete long-term objectives for AAA's financial viability
- Recommend to the Executive Board a "Reserve Policy" statement
- Work with our investment manager to review our allocation of assets in light of our long-term objectives and reserve policy
- Recommend a "Conflict of Interest" policy statement
- Recommend an AnthroSource Payback plan
- Consult with the Committee on Scientific Communications on the development and implementation of a "loan fund" for sections adversely affected by the change in AAA publishing models

The expenses associated with the Committee's 2007 work are limited to about \$1600 in teleconference costs. These funds are budgeted in the AAA Annual Operations.

These planned activities are consistent with Article VI of the Long Range Plan, to strengthen its internal working relationships among its Sections and Committees and the National Office by better communicating its organizational structure, its long-range plan, and its financial and programmatic activities.

#### **4. Changes in the Responsibilities and Objectives of the Finance Committee**

No changes have occurred, nor does it appear that any are needed.

#### **5. Issues for the Long-Range Planning Committee to consider**

The Finance Committee will be preparing a series of recommendations concerning use of reserve funds, an AnthroSource "payback plan," and concrete long-term financial stability objectives for the Long-Range Planning Committee to consider incorporating into its planning process.

#### **6. Issues for the Executive Board to consider**

The Finance Committee will be preparing a series of recommendations concerning use of reserve funds, an AnthroSource "payback plan," and concrete long-term financial stability objectives for the Executive Board to consider.