

Treasurer's Report

Overall 1994 was an excellent year financially for the Materials Research Society (MRS), and a continuation of the positive trend started in 1991. After the significant loss incurred 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 a five-year net operating income summary for MRS, this has been accomplished. Also, while the Society's net income dropped slightly in comparison to 1993, the Executive Committee does not consider this alarming. In fact, due to the recent financial success, we are currently setting lower net income budgetary goals for 1996 in hopes of more cost-effectively serving our membership.

For 1994, a detailed budget was built around operational objectives and financial goals established by the Executive Committee and MRS Council. Controlling expenses and managing this budget by project generated a net operating income of \$355,200, or 7.2 % of gross operating revenue. Considering all Society activities

Materials Research Society **Net Operating Income** 1990 through 1994 500 400 300 Net Operating Income (in \$Thousands) 200 100 0 -100 -200 -300 -400 1994 1990 1991 1992 1993

(including income from investments, contributions of designated funds, etc.) the net consolidated income (shown as excess of support and revenue over expenses in Table I) was \$462,200, or 8.8% of the gross consolidated revenue. These results compare favorably with the 1993 results when the net consolidated income was \$429,600, or 8.5% of the gross consolidated revenue.

The 1994 balance sheet (Table II) was very strong. Total assets were up 11.8% over 1993. This compares favorably with the 10.0% CAGR in total assets experienced over the past five years (Figure 2).

The Society's cash flow was also very good in 1994 (Table III). The generation of a large increase in cash was due to strong operating results (net income) and good balance sheet management. It should be noted that the positive cash flow occurred despite major investments in a new telephone system and computer hardware. It should also be observed that the Society redeemed \$750,000 in certificates of deposit in preparation for implementation of its new investment policy.

The major financial goal of 1994 was to develop an MRS Investment Policy. This policy was to establish the framework for investing available resources so as to maintain and strengthen the Society's ability to provide services to its members in a timely, effective, and cost-efficient manner. This goal was achieved and implementation of the policy is underway with ~75% of our funds currently invested through five money managers.

In summary, 1994 was a successful year financially for the Society. MRS met its major goals of developing an investment policy and starting the implementation process through an investment consultant and selected money managers. It is expected that the return on investments will enable MRS to more aggressively pursue short-term projects, such as entering the information age with a variety of electronic services for the membership, while providing long-term stability for the future.

Respectfully submitted,

Auda "Kay" Hays, Treasurer

Table I

Materials Research Society
Statements of Support, Revenue, Expenses, and Changes in Fund Balances
Years Ended December 31, 1994 and 1993

Other government funding Corporate funding of symposia 199,087 169,243 Revenue: 414,967 398,453 Seminar and meeting registration Proceedings sales Subscriptions 1,004,715 1,254,761 Subscriptions 671,474 668,397 Membership dues 401,318 369,383 Education 106,230 123,484 Exhibit income 427,648 379,471 Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 Expenses: 717,583 693,015 Program Services 698,877 715,869 Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402	Support:	1994	1993
Corporate funding of symposia 199,087 169,243 Revenue: 398,453 Seminar and meeting registration 1,532,500 1,254,761 Proceedings sales 1,004,715 1,152,582 Subscriptions 671,474 668,397 Membership dues 401,318 369,383 Education 106,230 123,484 Exhibit income 427,648 379,471 Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 Miscellaneous income 64,119 98,408 Expenses: Program Services 5,246,158 5,066,517 Expenses: Program Services 698,877 715,869 Meetings 717,583 693,015 698,877 715,869 Membership 395,948 348,075 24,000 4,000 4,000 4,000 4,000	Government grant funding	\$ 127,620	\$ 105,210
Revenue: Seminar and meeting registration	Other government funding	88,260	124,000
Revenue: Seminar and meeting registration	Corporate funding of symposia	199,087	169,243
Revenue: Seminar and meeting registration		414.967	398.453
Proceedings sales	Revenue:		
Subscriptions 671,474 668,397 Membership dues 401,318 369,383 Education 106,230 123,484 Exhibit income 427,648 379,471 Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 4,831,191 4,668,064 5,246,158 5,066,517 Expenses: Program Services Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 Supporting Services 2,710,863 2,818,548 Supporting Services 4,768,482 4,636,181 Exces	Seminar and meeting registration	1,532,500	1,254,761
Membership dues 401,318 369,383 Education 106,230 123,484 Exhibit income 427,648 379,471 Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 4,831,191 4,668,064 5,246,158 5,066,517 Expenses: Program Services Meetings 717,583 693,015 693,015 Proceedings 565,982 660,651 606,651 Subscriptions 698,877 715,869 348,075 Education 80,374 134,890 349,075 Education 80,374 134,990 395,948 348,075 Education 80,374 134,990 2,710,863 2,818,548 Supporting Services 2710,863 2,818,548 Supporting Services 4,768,482 4,636,181<	Proceedings sales	1,004,715	1,152,582
Education 106,230 123,484 Exhibit income 427,648 379,471 Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 4,831,191 4,668,064 5,246,158 5,066,517 Expenses: Program Services Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 Supporting Services 2,710,863 2,818,548 Supporting Services 4,768,482 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518	Subscriptions	671,474	668,397
Exhibit income 427,648 379,471 Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 Expenses: Program Services 717,583 693,015 Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 Supporting Services 2,710,863 2,818,548 Supporting Services 4,768,482 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 <t< td=""><td>Membership dues</td><td>401,318</td><td>369,383</td></t<>	Membership dues	401,318	369,383
Advertising 341,846 388,536 Contributions 62,716 60,349 Mailing list rental 127,555 109,862 Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 Miscellaneous income 64,119 98,408 Expenses: Program Services Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 Awards 25,697 26,048 Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses	Education	106,230	123,484
Contributions 62,716 Mailing list rental 60,349 Mailing list rental 60,349 Mailing list rental 127,555 109,862 109,		427,648	379,471
Mailing list rental Investment income 127,555 109,862 (19,070) 62,831 (19,070) 62,831 (19,070) 62,831 (19,070) 62,831 (19,070) 4,668,064 (19,070) 5,246,158 (19,070) 5,066,517 (19,070) 5,066,517 (19,070) 5,066,517 (19,070) 693,015 (19,070) 693,015 (19,070) 693,015 (19,070) 693,015 (19,070) 693,015 (19,070) 693,015 (19,070) 698,877 (15,869) 660,651 (19,070) 715,869 (19,070) 698,877 (15,869) 715,869 (19,070) 395,948 (19,070) 349,075 (19,070) 134,907 (19,070) 240,000 (19,070) <td< td=""><td>Advertising</td><td>341,846</td><td>388,536</td></td<>	Advertising	341,846	388,536
Investment income 91,070 62,831 Miscellaneous income 64,119 98,408 4,831,191 4,668,064 5,246,158 5,066,517 Expenses: Program Services Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 2,710,863 2,818,548 Supporting Services Management and general 2,057,619 1,817,633 Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951			
Miscellaneous income 64,119 98,408 4,831,191 4,668,064 5,246,158 5,066,517 Expenses: Program Services Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 Supporting Services 2,710,863 2,818,548 Supporting Services 4,768,482 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951	9	, ,	
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Expenses: Program Services 717,583 693,015 Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 Supporting Services 2,710,863 2,818,548 Management and general 2,057,619 1,817,633 Excess of Support and Revenue Over Expenses 4,768,482 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951		4,831,191	4,668,064
Program Services Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 2,710,863 2,818,548 Supporting Services 39,049 4,768,482 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951		5,246,158	5,066,517
Meetings 717,583 693,015 Proceedings 565,982 660,651 Subscriptions 698,877 715,869 Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 2,710,863 2,818,548 Supporting Services 4,768,482 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951			
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Membership 395,948 348,075 Education 80,374 134,890 Symposia 226,402 240,000 Awards 25,697 26,048 2,710,863 2,818,548 Supporting Services 2,057,619 1,817,633 Management and general 2,057,619 4,636,181 Excess of Support and Revenue Over Expenses 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951			,
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Supporting Services 2,710,863 2,818,548 Management and general 2,057,619 1,817,633 Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 4,768,482 4,636,181 Net Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951	, ,		
Supporting Services Management and general 2,057,619 1,817,633 Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 4,768,482 4,636,181 Net Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951	Awards		
Management and general 2,057,619 1,817,633 Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 4,768,482 4,636,181 Net Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951	Supporting Services	2,710,863	2,818,548
Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951		2,057,619	1,817,633
Excess of Support and Revenue Over Expenses Before Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951		4 768 482	4 636 181
Before Unrealized Loss on Investments 477,676 430,336 Net Unrealized Loss on Investments 15,518 777 Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951	Excess of Support and Revenue Over Expenses	1,700,102	-1,000,101
Excess of Support and Revenue Over Expenses 462,158 429,559 Fund Balances at Beginning of Year 2,964,510 2,534,951		477,676	430,336
Fund Balances at Beginning of Year 2,964,510 2,534,951	Net Unrealized Loss on Investments	15,518	777
	Excess of Support and Revenue Over Expenses	462,158	429,559
Fund Balances at End of Year \$3,426,668 \$2,964,510	Fund Balances at Beginning of Year	2,964,510	2,534,951
	Fund Balances at End of Year	\$3,426,668	\$2,964,510

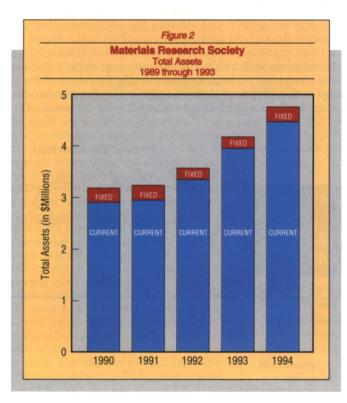


Table II

Materials Research Society Balance Sheets, December 31, 1994 and 1993 **ASSETS**

Current Assets:	1994	1993
Cash and cash equivalents	\$2,905,314	\$1,571,795
Cash and cash equivalents—restricted	88,455	88,455
Certificates of deposit		750,000
Investments held for sale	400,130	399,223
Accounts receivable, less allowance for uncollectible accounts of \$231,536 in 1994		
and \$191.536 in 1993	491,284	703,645
Educational products inventories, less provision for obsolescence of \$168,441 in 1994 and	401,204	700,040
\$153,441 in 1993	309,606	292,295
Government grants receivable	50,745	28,725
Prepaid expenses	84,854	87,432
Accrued interest receivable		13,665
TOTAL CURRENT ASSETS	\$4,330,388	\$3,935,235
Fixed Assets:		
Data processing equipment and software	583,200	418,671
Furniture and office equipment	257,128	235,638
	840,328	654,309
Less: accumulated depreciation	499,553	414,033
	340,775	240,276
	\$4,671,163	\$4,175,511
LIABILITIES AND FUND BA	LANCES	
Current Liabilities:		
Account payable and accrued expenses	\$ 399,201	\$ 330,134
Withheld and accrued payroll taxes	15,303	19,382
Accrued retirement plan contribution	18,534	17,709
Deferred support and revenues	811,457	843,776
TOTAL CURRENT LIABILITIES	1,244,495	1,211,001
Fund Balances:		
Unrestricted	3,338,213	2,876,055
Restricted	88,455	88,455
	3,426,668	2,964,510
	\$ 4,671,163	\$ 4,175,511

Table III

Materials Research Society

Statements of Cash Flow

Years Ended December 31, 1994 and 1993				
Operations:	1994	1993		
Excess of support and revenue over expenses Adjustments to reconcile excess of support and revenue over expenses to net cash provided by operating activities	\$ 462,158	\$ 429,559		
Depreciation	109,472	100,646		
Provision for uncollectible accounts	40,000			
Unrealized loss on investments	15,518	777		
Provision for inventory obsolescence	15,000	34,603		
Loss on equipment disposal	9,063	_		
(Increase) decrease in:				
Accounts receivable	172,361	(2,741)		
Accrued interest receivable	13,665	(13,665)		
Prepaid expenses	2,578	(24,944)		
Government grants receivable	(22,020)	26,775		
Inventories	(32,311)	26,378		
Increase (decrease) in:				
Accounts payable and accrued expenses	69,067	6,354		
Accrued retirement plan contribution	825	1,960		
Withheld and accrued payroll taxes	(4,079)	6,276		
Deferred support and revenue	(32,319)	146,192		
Net Cash Provided by Operations	818,978	768,170		
Investment Activities:				
Redemption (purchase) of certificates of deposit	750,000	(750,000)		
Purchase of fixed assets	(219,034)	(86,760)		
Purchase of investments	(16,425)	_(400,000)		
Net Cash Provided (Used) by Investment Activities	514,541	(1,236,760)		
Net Increase (Decrease) in Cash and Cash Equivalents	1,333,519	(468,590)		
Cash and Cash Equivalents at Beginning of Year	1,660,250	2,128,840		
Cash and Cash Equivalents at End of Year	\$2,993,769	\$1,660,250		