

SOCIETY FOR FINANCIAL STUDIES

SFS Financial and Policy Report 2015

Craig W. Holden

SFS Secretary-Treasurer

SOCIETY FOR FINANCIAL STUDIES

Overview

- SFS's financial results over the past year were mixed
- The May 2015 Balance Sheet remains strong with:
 - \$5.5 million in assets
 - \$342K liabilities (banked referee fees)
- But the 2014 Income Statement shows a \$12K loss, broken out as:
 - \$186K profit from our journals
 - \$22K profit from our conference
 - \$221K loss on SFS support

SFS Income Statement

REVENUE	2013	2014
Journals		
Submission Revenue	\$279,765	\$291,290
Income from Oxford	\$366,071	\$419,915
Total Journals	\$645,836	\$711,205
Conference		
Cavalcade Submission	\$14,278	\$37,150
Cavalcade Registration	\$25,320	\$27,905
Total Conference	\$39,598	\$65,055
SFS Support		
Sponsorship	\$68,000	\$5,550
Interest on Savings	\$677	\$1,601
Investment Gains	\$517,707	\$100,586
Other Income	\$1,920	\$84
Total SFS Support	\$588,304	\$107,821
TOTAL REVENUE	\$1,273,738	\$884,081
Journal Profit	\$307,434	\$186,453
Conference Profit	(\$56,880)	\$22,418
SFS Support Profit	\$404,514	(\$221,146)
NET INCOME	\$655,068	(\$12,274)

EXPENSES	2013	2014
Journals		
Referee Fees	\$114,940	\$204,560
Change in Banked Referee Fees	\$118,329	\$194,231
Submission Refunds	\$17,620	\$16,780
Editorial Express	\$12,000	\$12,000
Copy Editor fees	\$12,992	\$25,574
Journal Award Amounts	\$52,099	\$53,000
Journal Award Plaques and T-shirts	\$6,151	\$8,794
Council and Editors Dinner	\$4,271	\$9,813
Total Journals	\$338,402	\$524,752
Conference		
Cavalcade Travel	\$2,906	\$1,397
Cavalcade Best Paper Awards	\$666	\$4,033
Cavalcade Misc. Expenses	\$2,163	\$15,823
Cavalcade Food and Transportation	\$90,743	\$21,384
Total Conference	\$96,478	\$42,637
SFS Support		
Professional Fees	\$128,552	\$257,498
Payroll IRS/NC Payments	\$17,078	\$29,520
Support of Other SFS Conferences	\$15,000	\$15,000
Merchant Service and Bank Fees	\$14,385	\$14,558
Other Expenses	\$8,775	\$12,391
Total SFS Support	\$183,790	\$328,967
TOTAL EXPENSES	\$618,670	\$896,355
NET INCOME	\$655,068	(\$12,274)

SFS Balance Sheet

ASSETS

Bank Funds	End of 2011	End of 2012	End of 2013	End of 2014	May 2015
Checking	\$686,930	\$924,204	\$459,711	\$197,479	\$263,767
Savings	\$15,000	\$0	\$600,626	\$601,278	\$601,475
Total Bank Funds	\$701,930	\$924,204	\$1,060,337	\$798,757	\$865,242
Investments (at Market Value)					
Short-term Money Market Fund	\$606,599	\$0	\$0	\$0	\$0
Long-term US Gov Bonds	\$965,814	\$991,798	\$0	\$0	\$0
US S&P 500 Stock Index Fund	\$1,245,136	\$1,419,622	\$1,409,161	\$1,611,000	\$1,658,778
Developed Countries Stock Index Fund	\$0	\$607,854	\$1,338,740	\$1,306,755	\$1,495,622
Emerging Countries Stock Index Fund	\$0	\$0	\$1,077,201	\$1,278,805	\$1,480,000
Total Investments	\$2,817,549	\$3,019,274	\$3,825,102	\$4,196,560	\$4,634,400
TOTAL ASSETS	\$3,519,479	\$3,943,478	\$4,885,439	\$4,995,317	\$5,499,642
LIABILITIES	\$0	\$0	\$114,940	\$319,500	\$341,520
SURPLUS	\$3,519,479	\$3,943,478	\$4,770,499	\$4,675,817	\$5,158,122
Arthur Warga Endowment (Part of Invest.)	\$0	\$0	\$23,407	\$29,365	\$31,763

Returns of Underlying SFS Investments

Investment	End of 2012	End of 2013	End of 2014	May 2015	Fee	10 Year Return
Index Fund Prices						
US S&P 500 Stock Index Fund (FUSVX)	50.49	65.49	72.85	74.41		
Developed Countries Stock Index (FSIVX)	34.28	40.67	37.22	41.04		
Emerging Countries Stock Index (FPMAX)	10.15	9.56	9.41	10.26		
Capital Gain Returns						
US S&P 500 Stock Index Fund (FUSVX)		29.71%	11.24%	2.14%	0.07%	7.64%
Developed Countries Stock Index (FSIVX)		18.64%	-8.48%	10.26%	0.17%	4.47%
Emerging Countries Stock Index (FPMAX)		-5.81%	-1.57%	9.03%	0.35%	3.94%
Portfolio Average (1/3 weight in each)		14.18%	0.40%	7.15%		
Dividend Yield		2.22%	2.52%			
Savings Account Returns		0.10%	0.11%			

- The global stock market did poorly in 2014, but pretty well so far in 2015
- SFS Investment Policy is:
 - \$600K in a nearly riskfree asset (savings account) and
 - The remaining amount in three low-fee, index funds to approximate the global stock market

Comparison of Major Conferences

Year	Cavalcade			AFA		
	Submis- sions	Program	Acceptance Rate	Submis- sions	Program	Acceptance Rate
2012	367	40	10.9%	1,347	186	13.8%
2013	461	71	15.4%	1,548	185	12.0%
2014	653	75	11.5%	1,628	200	12.3%
2015	866	90	10.4%			

Year	WFA			EFA		
	Submis- sions	Program	Acceptance Rate	Submis- sions	Program	Acceptance Rate
2012						
2013	1,521	144	9.5%	1,713	240	14.0%
2014	1,667	144	8.6%	1,793	270	15.1%
2015	1,776	144	8.1%	1,720		

- Cavalcade submissions continue to grow rapidly and our acceptance rate is lower than the AFA and EFA

Policy Updates

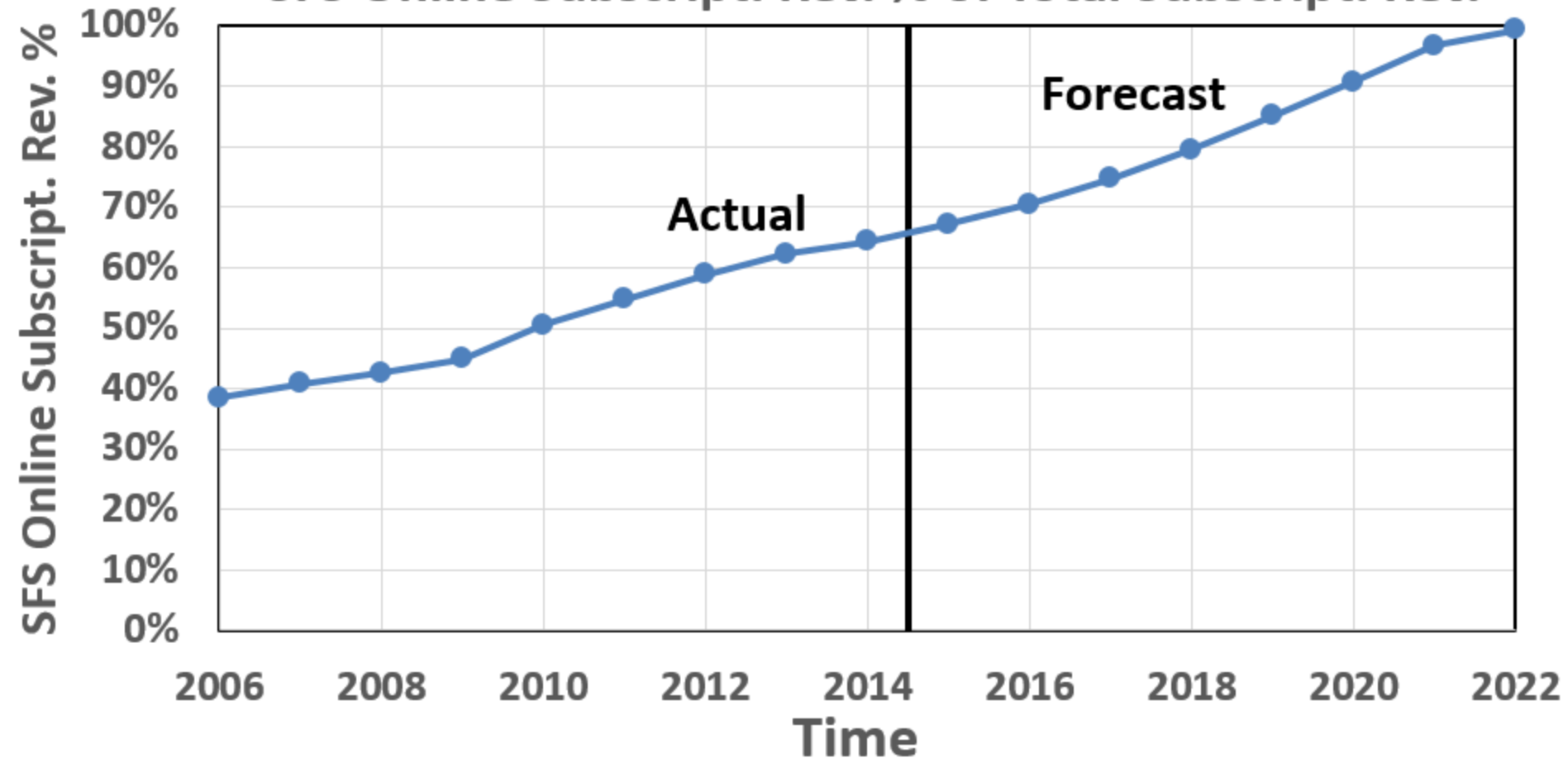
- Upon acceptance, Oxford now:
 - Publishes the manuscript online immediately with a permanent web address – citations start counting
 - Then publishes copy-edited, typeset version when available
- 2014 was the first full year when Oxford commission was a % of actual profits rather than a % of “notional income”
- For new articles, MathJax added to HTML version of each article → equations will scale from 4” to 30” screens
- Full archive conversion of RFS/RAPS/RCFS articles to MathJax in the HTML version is currently anticipated:
 - To finish by the end of July
 - To end up costing \$25K (\$6K below the original estimate)
- Happy with Oxford → extended contract through 2018

SFS Newsletter

- Now reaches 2,500 members and friends
- MailChimp “year in review” statistics for 2014:
 - Average open rate = 43.4% vs. industry ave. = 22.9%
 - Average click rate = 8.6% vs. industry ave. = 2.4%
 - Email with highest open rate (65.4%) and highest click rate (30.3%): “Thank you for attending the Cavalcade!”
- → we are communicating important and timely information that our colleagues want to know

The Long-run Forecast

SFS Online Subscript. Rev. % of Total Subscript. Rev.



The Long-run Forecast

SFS Print Subscribers Over Time

