SFS Financial and Policy Report 2020

Craig W. Holden, Indiana University

SFS Secretary-Treasurer

Report is available online at sfs.org

SFS Balance Sheet

	12/31/2016	12/31/2017	12/31/2018	12/31/2019
ASSETS				
Bank Funds				
Checking	$184,123	$175,692	$200,275	$242,199
Savings	$602,122	$0	$0	$0
Total Bank Funds	$786,244	$175,692	$200,275	$242,199
Investments (at Market Value)*				
Short-Term Treasury Bond Index Fund	$0	$599,057	$608,296	$632,761
US S&P 500 Stock Index Fund	$1,824,521	$2,221,871	$2,122,648	$2,790,684
Developed Countries Stock Index Fund	$1,468,928	$2,008,790	$1,736,869	$2,119,014
Emerging Countries Stock Index Fund	$1,428,542	$2,079,341	$1,774,783	$2,098,887
Total Investments	$4,721,992	$6,909,059	$6,242,596	$7,641,346
TOTAL ASSETS	$5,508,236	$7,084,751	$6,442,871	$7,883,545
LIABILITIES (Banked Referee Fees)	$454,160	$524,100	$596,580	$660,120
SURPLUS	$5,054,076	$6,560,651	$5,846,291	$7,223,425
* Arthur Warga Endowment (Part of Invest.)	$30,577	$35,666	$31,840	$40,399

SFS Income Statement

	2016	2017	2018	2019
REVENUE				
Journals				
Submission Revenue	$376,770	$381,567	$415,260	$403,580
Income from Oxford	$442,204	$426,279	$410,964	$398,150
Journal-Hosted Conferences	$0	$0	$5,000	$22,757
Total Journals	$818,974	$807,846	$831,224	$824,487
Cavalcades				
Cavalcade Submission	$42,800	$61,758	$84,383	$61,145
Cavalcade Registration	$38,255	$47,771	$47,107	$35,132
Total Cavalcades	$81,055	$109,529	$131,490	$96,277
SFS Support	$6,569	$22,766	$40,187	$12,782
Investment Gains	$355,107	$1,334,223	($666,466)	$1,586,567
TOTAL REVENUE	$1,261,705	$2,274,363	$336,435	$2,520,113

PROFIT BY ACTIVITY	2016	2017	2018	2019
Journal Profit	$162,999	$63,700	($109,379)	($34,185)
Cavalcades Profit	$41,737	$40,943	$58,963	$24,300
SFS Support Profit	($41,581)	($22,176)	$1,644	($11,811)
Profit Before Investments	$163,154	$82,466	($48,772)	($21,696)
Investment Gains	$355,107	$1,334,223	($666,466)	$1,586,567
NET INCOME	$518,261	$1,416,690	($715,238)	$1,564,871

	2016	2017	2018	2019
EXPENSES				
Journals				
Paid Referee Fees	$256,960	$271,380	$289,600	$282,360
Change in Banked Referee Fees	$65,050	$69,940	$72,480	$63,540
Submission Refunds	$16,233	$19,120	$18,678	$6,840
Merchant Service and Bank Fees	$12,830	$11,435	$20,202	$20,379
Editorial Express	$14,000	$14,000	$14,000	$15,000
Journal Professional Fees	$133,141	$183,273	$267,169	$190,138
Payroll IRS/NC/VA Payments	$53,756	$51,718	$60,681	$58,505
Copy Editor fees	$30,943	$48,790	$46,961	$66,525
Journal Award Amounts	$53,000	$51,000	$79,667	$66,333
Journal Award Plaques and T-shirts	$10,339	$5,896	$5,700	$7,395
Council and Editors Dinner and Misc.	$9,724	$12,594	$2,020	$7,993
Journal-Hosted Conferences	$0	$5,000	$63,446	$73,665
Total Journals	$655,975	$744,146	$940,603	$858,673
Cavalcades				
Cavalcade Submission Software	$0	$3,451	$3,211	$4,489
Cavalcade Professional Fees	$0	$19,971	$5,500	$15,840
Cavalcade Food and Transportation	$21,348	$22,729	$41,595	$0
Cavalcade Travel	$2,600	$5,078	$10,417	$18,277
Cavalcade Best Paper Awards	$2,700	$3,300	$3,403	$3,725
Cavalcade Misc. Expenses	$12,670	$14,056	$8,402	$29,646
Total Cavalcades	$39,318	$68,585	$72,528	$71,977
SFS Support				
Support of Other Conferences	$37,191	$36,060	$9,737	$4,318
Misc. Support Expenses	$10,960	$8,882	$28,807	$20,275
Total SFS Support	$48,150	$44,942	$38,543	$24,593
TOTAL EXPENSES	$743,444	$857,674	$1,051,673	$955,243
NET INCOME	$518,261	$1,416,690	($715,238)	$1,564,871

Returns of Underlying SFS Investments

	2016	2017	2018	2019	Expense Fee	10 Year Return
Capital Gain Returns						
US S&P 500 Stock Index Fund (FXAIX)	9.11%	19.29%	-6.80%	28.61%	1.5 Bpts	11.68%
Developed Countries Stock Index (FSPSX)	-1.70%	22.25%	-15.82%	18.18%	3.5 Bpts	3.70%
Emerging Countries Stock Index (FPADX)	9.59%	34.87%	-16.39%	15.09%	7.6 Bpts	0.95%
Portfolio Average (1/3 weight in each)	5.67%	25.47%	-13.00%	20.63%	4.2 Bpts	5.44%
Dividend Yield	2.44%	2.63%	1.68%	2.99%		
ST Treasury Bond Index Fund (FUMBX)	0.87%	0.67%	1.47%	2.33%	3.0 Bpts	1.90%

- The global stock market was good in 2019, especially the US stock market
- SFS Investment Policy is:
  - $600K in a nearly riskfree asset (short-term Treasury bond index fund) and
  - Rest in three low-fee, index funds to approximate the global market

Policy Updates

- When quickly reading journal PDF articles on the screen, have you ever encountered this?

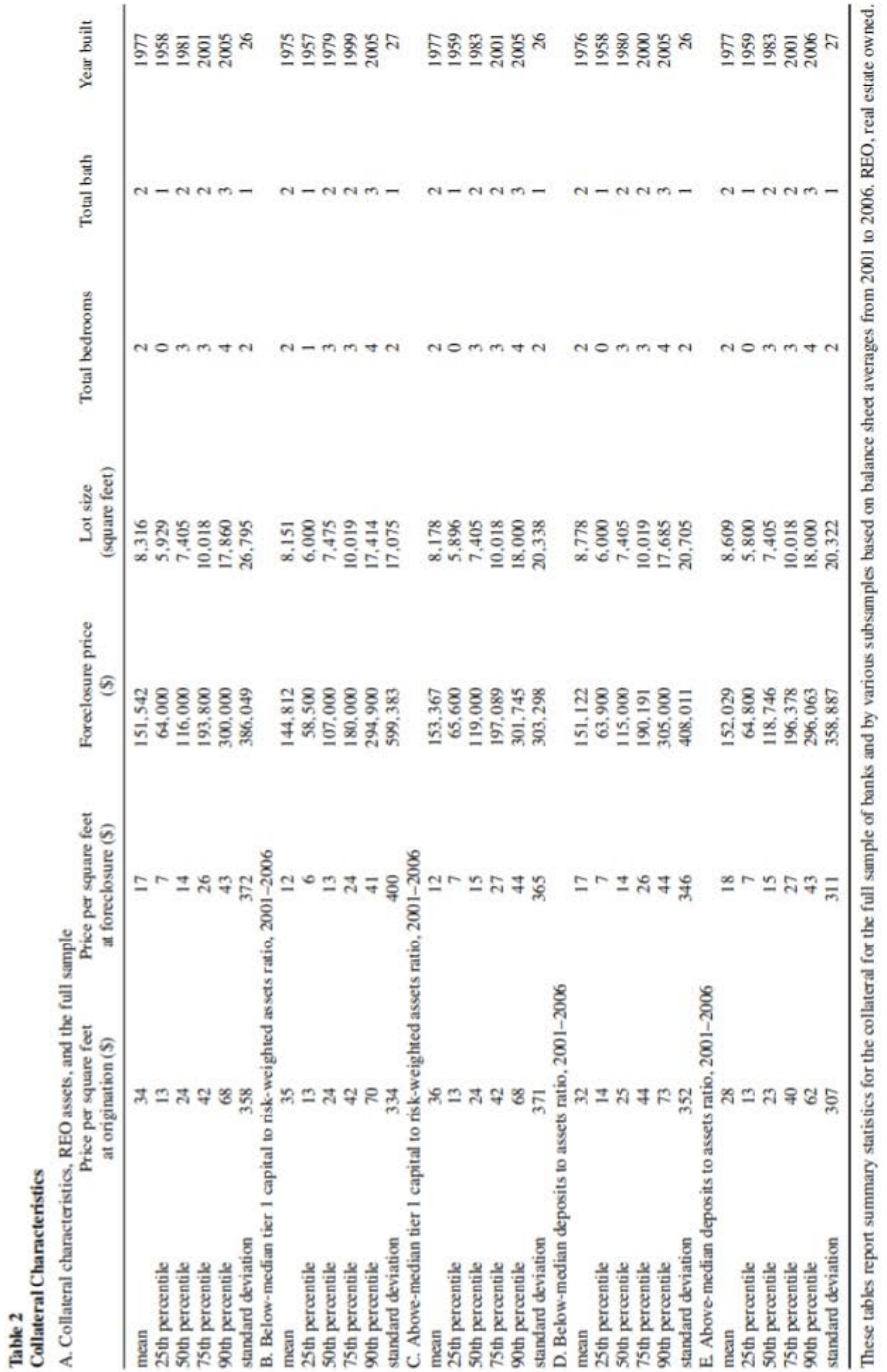

Table 2
Collateral Characteristics

	Price per square feet at origination ($)	Price per square feet at foreclosure ($)	Foreclosure price ($)	Lot size (square feet)	Total bedrooms	Total bath	Year built
A. Collateral characteristics, REO assets, and the full sample							
mean	34	17	151,542	8,316	2	2	1977
25th percentile	13	7	64,000	5,929	0	1	1958
50th percentile	24	14	116,000	7,405	3	2	1981
75th percentile	42	26	193,800	10,018	3	2	2001
90th percentile	68	43	300,000	17,860	4	3	2005
standard deviation	358	372	386,049	26,795	2	1	26
B. Below-median tier 1 capital to risk-weighted assets ratio, 2001–2006							
mean	35	12	144,812	8,151	2	2	1975
25th percentile	13	6	58,500	6,000	1	1	1957
50th percentile	24	13	107,000	7,475	3	2	1979
75th percentile	42	24	180,000	10,019	3	2	1999
90th percentile	70	41	294,900	17,414	4	3	2005
standard deviation	334	400	599,383	17,075	2	1	27
C. Above-median tier 1 capital to risk-weighted assets ratio, 2001–2006							
mean	36	12	153,367	8,178	2	2	1977
25th percentile	13	7	65,600	5,896	0	1	1959
50th percentile	24	15	119,000	7,405	3	2	1983
75th percentile	42	27	197,089	10,018	3	2	2001
90th percentile	68	44	301,745	18,000	4	3	2005
standard deviation	371	365	303,298	20,338	2	1	26
D. Below-median deposits to assets ratio, 2001–2006							
mean	32	17	151,122	8,778	2	2	1976
25th percentile	14	7	63,900	6,000	0	1	1958
50th percentile	25	14	115,000	7,405	3	2	1980
75th percentile	44	26	190,191	10,019	3	2	2000
90th percentile	73	44	305,000	17,685	4	3	2005
standard deviation	352	346	408,011	20,705	2	1	26
E. Above-median deposits to assets ratio, 2001–2006							
mean	28	18	152,029	8,609	2	2	1977
25th percentile	13	7	64,800	5,800	0	1	1959
50th percentile	23	15	118,746	7,405	3	2	1983
75th percentile	40	27	196,378	10,018	3	2	2001
90th percentile	62	43	296,063	18,000	4	3	2006
standard deviation	307	311	358,887	20,322	2	1	27

These tables report summary statistics for the collateral for the full sample of banks and by various subsamples based on balance sheet averages from 2001 to 2006. REO, real estate owned.

Policy Updates

- No more! All landscape pages in PDF articles have been rotated 90° to upright
- ➔ easy to read on the screen

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Journal banners at the top of all articles

- Print journals had colorful cover pages
- PDF articles are not connected to the cover
  ➔ they need a colorful journal banner at the top!

Comparing Cross-Section and Time-Series Factor Models

Eugene F. Fama
Booth School of Business, University of Chicago

Kenneth R. French
Amos Tuck School of Business, Dartmouth College

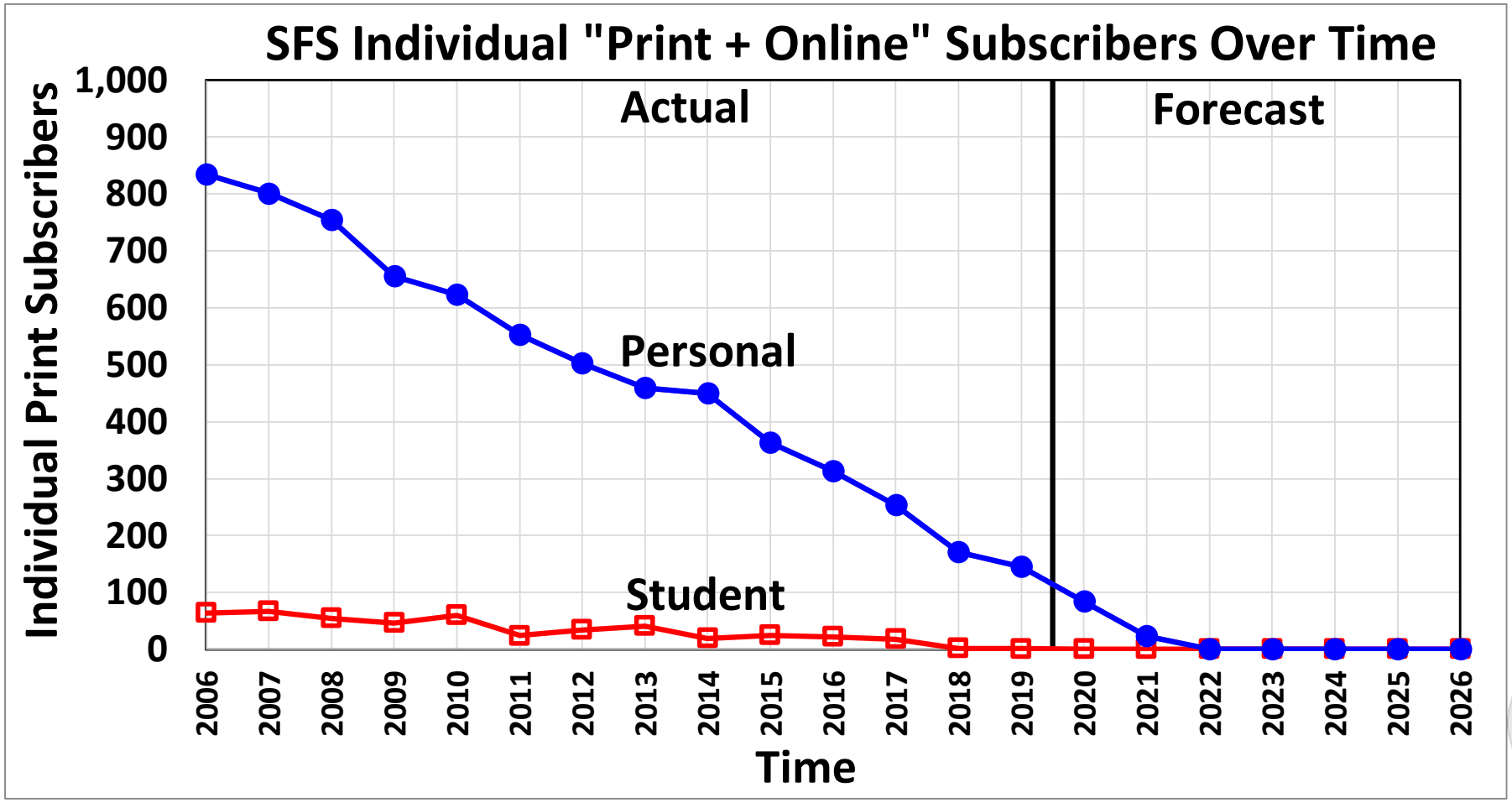
We use the cross-section regression approach of Fama and MacBeth (1973) to construct cross-section factors corresponding to the time-series factors of Fama and French (2015). Time-series models that use only cross-section factors provide better descriptions of average returns than time-series models that use time-series factors. This is true when we impose constant factor loadings and when we use time-varying loadings that are natural for time-series factors and time-varying loadings that are natural for cross-section factors. (*JEL* G1, G11, G12)

Received October 31, 2018; editorial decision June 16, 2019 by Editor Andrew Karolyi. Authors have furnished an Internet Appendix, which is available on the Oxford University Press Web site next to the link to the final published paper online.

Factors in time-series asset pricing models are often motivated by evidence from Fama and MacBeth (FM 1973) cross-section regressions that average returns are related to asset characteristics. For example, the three-factor model

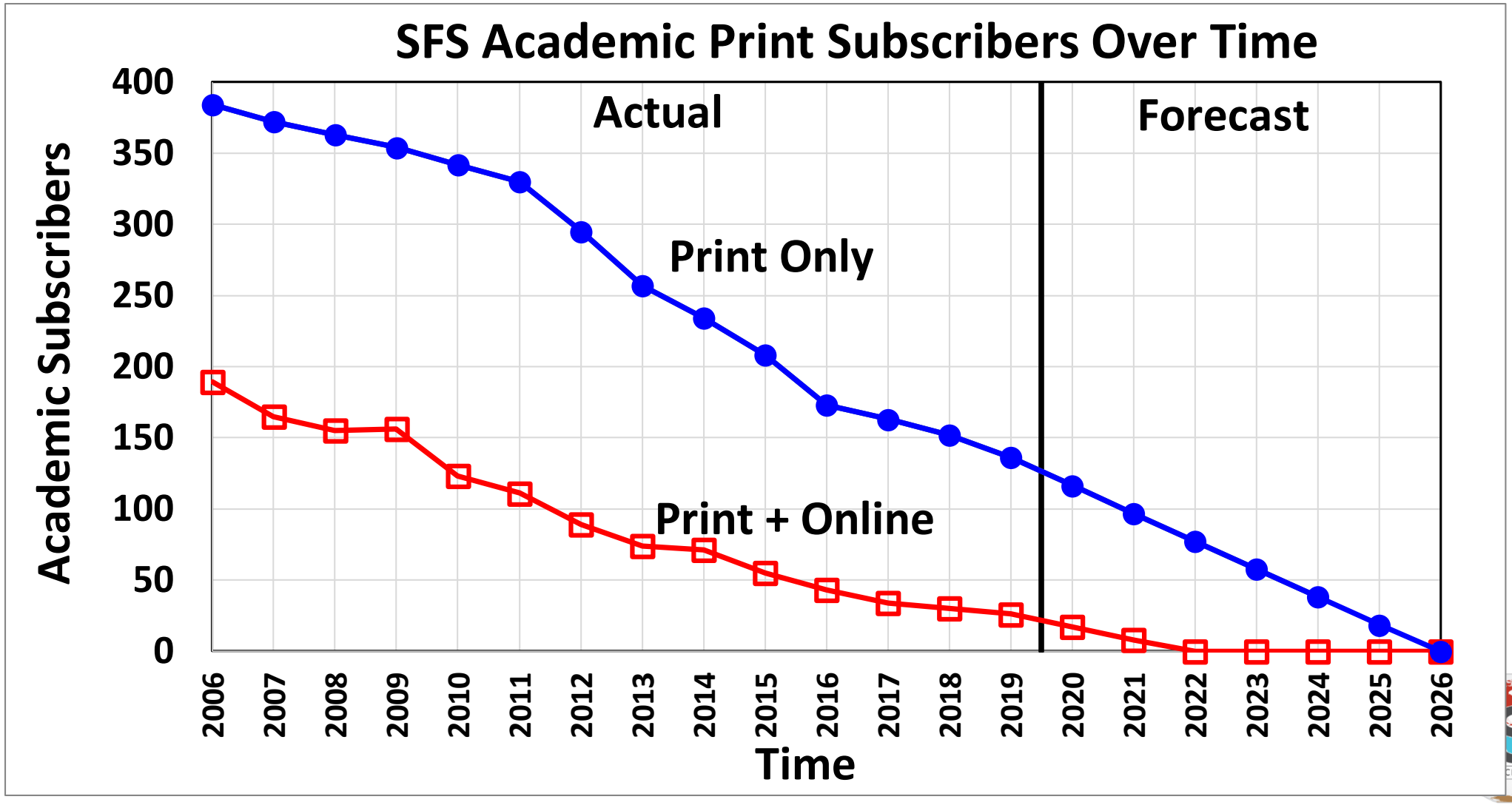
SFS Policy Adopted

- The SFS Council voted to eliminate both personal and student “print + online” subscriptions in 2021. Demand is forecast to be near zero by then. Personal “online only” subscriptions will still be available.



Academic Print Subscriptions

- Academic (university) “print only” subscriptions continue to decline, but at a slower pace. They are forecast to hit zero in 2026.



When Should We Eliminate Print?

- Compare WITH print vs. WITHOUT print
- WITH Print = profit on existing print subscriptions
- WITHOUT Print:
  - Oxford retention estimates:
    - 95% of print + online subscribers → online only subscribers
    - 60% of print only subscribers → online only subscribers
  - Eliminate print costs: paper, printing, and distribution

When Should We Eliminate Print?

- **Answer: It is more profitable to eliminate print now!**