

REPORT OF THE TREASURER - 2012

James U. Piper, Treasurer

Page 1 of the financial report reflects the transactions in the operating account of the Section. In addition to the operating account, the Trust Funds operate under the supervision of the Board of Trustees. The operating account generally pays all bills and then requests reimbursement of Trust-related expenses from the Trustees. In 2012, those reimbursements totaled \$104,273.63 (line 10). Since the Trust funds are separately maintained, the calculation of the Public Support ratio is shown on the attachment. Although the investment income exceeds 1/3 of total revenues, the public support test is met by the Section under IRS section 170(b)(1)(A)(vi).

The Section operating account ran an operating deficiency of \$2,622.82 in 2012. However, unreimbursed expenses due from the Trust Funds decreased by approximately \$17,000, so that the operating account would have a deficit of about \$20,000 if fund transfers were accounted for. The net overall gain shown on the balance sheet and attachment is more significant, with most of the gain due to realized and unrealized capital gains in the Trust Funds. The operating deficit was principally due to contributions that were anticipated in the budget but not received. This is reflected in a large deficit in the draft 2013 budget attached to the financial report. The Board of Directors is considering steps to address this, and the 2013 budget will be revised to lower this deficit.

A separate set of books is kept for the Nucleus, and these are maintained on an accrual basis. The financial results presented by the Board of Publications differ from those in the Treasurer's report because the latter is presented on a cash basis. On an accrual basis, the Nucleus had advertising revenue of \$39,071.50 and expenses of \$76,653.30. The deficiency is funded by Section general funds, the Publications Trust and the Norris Trust.

The Attorney General of the Commonwealth of Massachusetts requires nonprofit organizations to file annual reports accompanied, in our case, by a review by a CPA. The review of the 2011 financial statements was completed in August, and the report was filed. Copies of forms 990 and 990T for 2011 were sent to the National ACS office. Thirteen 1099-MISC forms for 2012 have been sent to awardees and contractors.

James U. Piper
Treasurer