

## ◆ CBE Business

### Board Highlights

At the May 1997 Board of Directors meeting in Philadelphia, the Board voted to become a regular member of the American Association for the Advancement of Science (AAAS) Consortium of Affiliates for International Programs (CAIP). Formed in 1976, the CAIP is a broad-based multidisciplinary network of scientific and engineering societies active in the international dimension of their disciplines.

The specific objectives of the consortium are to

- Facilitate communication among consortium members about their international activities.

- Bring the concerns of the scientific and engineering community regarding international science, policies, and priorities to the attention of policy makers.
- Encourage cooperation and coordination among members on multidisciplinary projects with international aspects.
- Stimulate new or expanded international science activities by consortium members.

The Board voted to rename the "CBE Meritorious Award" to the more grammatical and precise "CBE Award for Meritorious Achievement".

The Board also voted to have a CBE exhibit booth at the International Congress on Biomedical Peer Review and Global Communications in Prague (17-21 September 1997). The booth will display CBE membership, conference, workshop, and publications information. CBE members planning to attend the congress are encouraged to volunteer as representatives at the booth. Please call Executive Director Joe Samson at 847-480-9080 if you can help.

## Financial Report

### Financial Statements

The notes to the financial statements are an integral part of the statements (Tables 1 and 2). However, due to space limitations, we are not able to include the notes to the reviewed financial statements. If any member would like a complete copy, please contact CBE Staff Accountant Jim Wilkins at 847-480-9080.

During the year ending 31 December 1996, CBE adopted and retroactively implemented 3 new accounting requirements of the Financial Accounting Standards Board. These are

1. Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations".
2. Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made".
3. Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations".

Implementing SFAS No. 124 did result in a change in the organization's net assets for 1995 and 1996. SFAS No. 124 requires that investments in equity securities with readily

determinable fair values and all investments in debt securities be reported in the statement of financial position at fair market value. In addition, gains and losses as well as investment income are to be reported in the statement of activities in the unrestricted class of net assets (unless the donor or relevant state law places temporary or permanent restrictions on the gains, losses, or income). Previously the Council reported its investments at cost. The Council also changed its method of accounting for book inventory purchases and production expenses to be in accordance with Generally Accepted Accounting Principles (GAAP). This also resulted in a change in the organization's net assets for 1995. GAAP requires that book inventory purchases and production costs be capitalized and amortized over the life of the inventory. Previously the Council expensed all book inventory purchases and production costs.

The Annual Conference generated more revenue and had more expenses in 1996 than in 1995. This change was primarily the result of increased attendance and of the enhancement of programs and materials provided to registrants. The Periodical Publications had more expenses in 1996 than in 1995 due to increased page count in the *CBE Views* and Membership Directory.

### Investment Policy

CBE's Finance Committee is currently reviewing and updating its investment policy. The new policy establishes a number of procedures and guidelines. These will give clear directions to those involved in maintaining, reviewing, and revising the policy.

All funds will be divided into 3 pools: Operating Fund, Short-Term Fund, and Long-Term Fund. Each fund has its own investment objectives and investment guidelines.

The Operating Fund is to provide sufficient cash to meet the financial obligations of CBE in a timely manner. The investment objectives (in order) are liquidity, preservation of capital, and optimization of the investment return within the constraints of the policy. Most likely this fund will maintain the current arrangement of using checking and sweep accounts.

The Short-Term Fund is used to meet the expenses occurring as the result of unanticipated activities and to improve the return on funds held for expenditure over the next 1 to 3 years. The investment objectives (in order) are preservation of capital, optimization of the investment return within the constraints of the policy, and liquidity. This fund will most likely be managed by an investment consultant.

The Long-Term Fund is used to maintain the financial stability of the fund, to enhance the purchasing power of funds held for future expenditure, and to provide current income to be used during the current budget cycle. This fund has specific objectives against which its performance will be measured. It also gives guidance on what types of investments are allowed and disallowed, what level of risk is acceptable, and how the portfolio should be weighted in the major classes of investments. This fund will also probably be managed by an investment consultant.

The Finance Committee is currently reviewing a 2nd draft of the policy. It is anticipated that they will be making a recommendation to the Board at the fall meeting. If you have any questions, please contact Wilkins.

### What's New?

- A new job?
- Did you win a prize?
- Did you receive an honor?
- Did your book just get published?
- Did you receive a degree or certificate?
- Did you recently retire?

If you have something new in your professional life, we invite you to share your news with the readers of *CBE Views*. Describe your news in 50 to 100 words and send to Martha Tacker, Editor, *CBE Views*, 704 - 228th NE, Suite 623, Redmond WA 98053; fax 425-868-1291; e-mail: tvnt30a@prodigy.com

**Table 1 CBE Statement of Financial Position**

	1996 Reviewed*	1995 Unaudited**
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 60,007	\$ 60,319
Investments	247,295	256,170
Accounts receivable	10,589	303
Prepaid expenses	10,386	7,663
Inventory	15,002	0
Book production costs (net of accumulated amortization)	41,584	0
<b>Total Current Assets</b>	<b>384,863</b>	<b>324,455</b>
<b>Other Assets</b>		
Management fee deposit	5,208	5,208
<b>Total Assets</b>	<b>\$ 390,071</b>	<b>\$ 329,663</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 38,528	\$ 24,555
Deferred revenues	6,625	27,926
<b>Total Liabilities</b>	<b>45,153</b>	<b>52,481</b>
<b>Unrestricted Net Assets</b>	<b>344,918</b>	<b>277,182</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 390,071</b>	<b>\$ 329,663</b>

\* Reviewed by outside accounting firm. The CBE Finance Committee directs that the financial statements be audited every 3 years and reviewed the intervening 2 years.

\*\* An audit was conducted as of 31 October 1995 as part of the transition to the new management firm. Due to financial considerations, an audit was not performed on the November and December of 1995. The unaudited figures are presented here for comparison purposes.

“The success of a discovery depends upon the time of its appearance.”

—S. Weir Mitchell

**Table 2 CBE Statement of Activities**

	1996 Reviewed*	1995 Unaudited**
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>		
Membership dues	\$ 74,189	\$ 66,080
Annual conference	122,465	83,979
Book sales and royalties	43,529	38,320
Workshops/courses	54,021	30,656
Periodical revenue	4,132	1,689
Investment income	12,937	18,854
Other	1,951	2,843
<b>Total Revenues, Gains, and Other Support</b>	<b>313,224</b>	<b>242,421</b>
<b>EXPENSES</b>		
<b>Program Services</b>		
Annual meeting	81,139	46,876
Workshops/courses	50,127	23,377
Periodical publications	59,243	19,869
Book publications	21,931	27,579
<b>Total Program Services</b>	<b>212,440</b>	<b>117,701</b>
<b>Supporting Services</b>		
Membership development	11,768	2,664
Management and general	72,267	124,708
<b>Total Supporting Services</b>	<b>84,035</b>	<b>127,372</b>
<b>Total Expenses</b>	<b>296,475</b>	<b>245,073</b>
<b>CHANGE IN NET ASSETS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b>		
	<b>16,749</b>	<b>(2,652)</b>
Cumulative effect on prior years of a change in method of accounting for investments	(18,075)	0
<b>CHANGE IN NET ASSESTS</b>	<b>(1,326)</b>	<b>(2,652)</b>
<b>NET ASSETS</b>		
Beginning of year, as previously reported	277,182	279,834
Prior period adjustment	69,062	0
Beginning of year — as restated	346,244	279,834
<b>End of Year</b>	<b>\$ 344,918</b>	<b>\$ 277,182</b>

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