

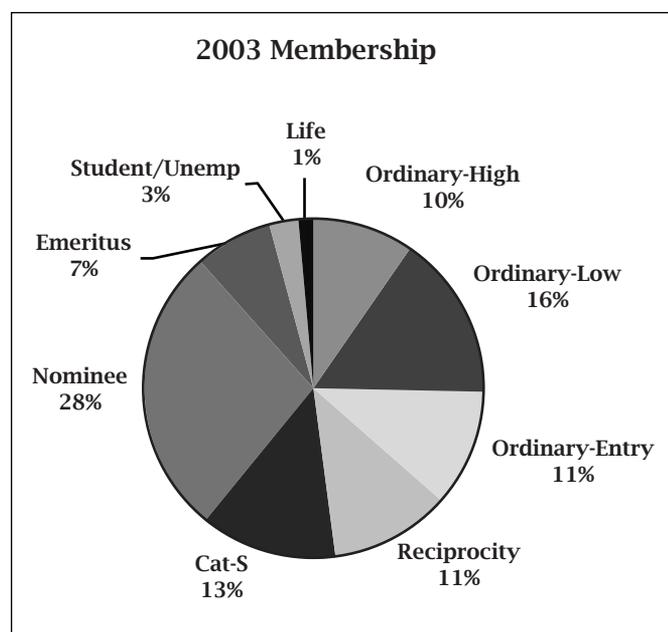
From the AMS Secretary

Report of the Executive Director, State of AMS, 2004

The American Mathematical Society shows different faces to different groups of mathematicians. Many young mathematicians focus on the Society's employment services and surveys, which help them to make career decisions. More established mathematicians sometimes associate the AMS with meetings, where they not only do mathematics but connect with friends and acquaintances as well. Mathematicians abroad often identify with the *Notices*, which keeps them informed about mathematics and the profession.

But for many mathematicians—especially those most actively engaged in research—the most apparent face of the Society is MathSciNet, the entryway to the Mathematical Reviews database. Math Reviews has always been important to mathematicians, but MathSciNet has changed the way in which people do research (and many other things as well). It is an enormously successful part of the AMS publication program, and this year's annual report focuses on Mathematical Reviews and its great success.

First, here is an overview of the Society early in 2004.



Overview

The Society's membership grew to over 28,000 in 2003; during the current year we expect membership to exceed 29,000. Most of that growth is in nominee members (graduate students who become members because their universities are institutional members). Ordinary membership has been slightly declining, as has reciprocity and Category-S (in the developing world). Life and emeritus memberships are up, reflecting our aging population.

The Society will carry out planning in specific areas each year for the next several years. The first of these focused planning efforts took place in 2003, and as a result the AMS will consider making various changes in membership: the principles by which we set dues, our delivery of member benefits, new categories of membership, etc. Most importantly, the planning process has helped us to understand some of the major issues surrounding membership. Membership development is now a separate function in the Society, viewed as an important ongoing activity.

Our meetings continue to be healthy and robust. The recent Joint Meeting in Phoenix was the fourth largest ever held by the Society, and the program was widely praised by those attending. The sectional meetings continue to be one of the key ways in which the Society reaches mathematicians throughout the country. The Society held a joint international meeting in Bangalore, India, during December, and attendance exceeded 500 mathematicians (from the U.S., Europe, and India). The summer research conferences, which are now held at Snowbird in Utah, seem to be vigorous and healthy with a resurgence of proposals for future conferences.

The Washington office of the Society has represented the interests of the mathematical community in Washington for more than ten years now. This is increasingly difficult in the present budgetary environment, but we have been successful nonetheless. The key to success in Washington is making sure that mathematics has a presence, that policymakers think of mathematics when



AMS president David Eisenbud testifying in Washington, D.C.

they think about science and technology. We have accomplished this through such things as congressional luncheons, public service awards, and special receptions. But it is the day-to-day activities that ultimately build connections with all parts of Washington. The Washington office also oversees special projects, including such things as the Media Fellows Program, the chairs workshops, and mentoring workshops done jointly with the Mathematicians and Education Reform network (MER).

Many of the programs and services of the Society are ongoing, and for that reason it is easy to overlook their quality and value to the community; new and elaborate projects are easier to tout, even when they are short-lived. But providing sure and steady service to the community has been a hallmark of the Society. For example:

- We continue to conduct the annual Survey,¹ which provides essential information about the profession.
- We plan and run the Employment Center² at the Joint Meetings.
- We administer the MathJobs service, which connects job applicants and participating departments.
- We publish various professional publications for the mathematics community, including *Employment Information in the Mathematical Sciences*,³ *Assistantships and Fellowships*,⁴ the *Professional Directory*, and the *Combined Membership List*.⁵
- We provide annual Epsilon awards to encourage young scholars programs (summer programs for talented high school students) totaling approximately \$80,000.
- We sponsor an Arnold Ross Lecture each year, aimed at high school students and normally held at a science museum.
- We hold 4–5 “Who Wants to Be a Mathematician” games each year, attracting the best mathematics students in some geographical area to participate in mathematics.
- We award annual Tritzinsky scholarships of \$4,000 each to eight mathematics undergraduates.
- We award Centennial Fellowships each year to young mathematicians in the early stages of their



Who Wants To Be A Mathematician?

¹ Under the auspices of the AMS-ASA-IMS-MAA Data Committee.

² With the advice of the AMS-MAA-SIAM Joint Committee on Employment Opportunities (JCEO).

³ With the advice of JCEO.

⁴ Compiled under the direction of the AMS-ASA-IMS-MAA Data Committee.

⁵ A joint project of the AMS, MAA, and SIAM.

careers, allowing them to spend a year fully engaged in research.

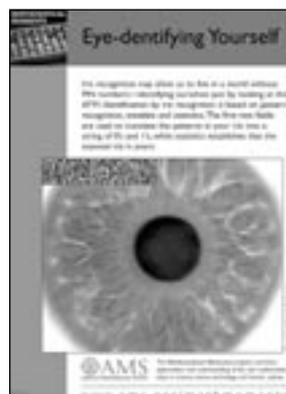
- We award annual Ky Fan travel grants to promote the exchange of mathematicians between North America and China.
- We conduct the Math in Moscow program, providing funds for approximately ten students each year to study for a semester at the Independent University in Moscow in a demanding mathematics program that builds future connections between our communities.

It is important to note that, with the exception of the last item, every one of these programs is ongoing and does not rely on grant support of any kind.

One of our greatest services to the mathematics community is the publication of our member journals, the *Notices* and the *Bulletin*. While only members receive these journals in paper form, the electronic versions are available to all mathematicians with access to the Internet. They are widely accessed throughout the world.



Public awareness is a special kind of service, and it has accomplished a great deal in the few years since the creation of our Public Awareness Office. We are building contacts with the press, a slow process that requires patient diligence to accomplish. Mathematical Moments (one-page fliers with the simple message that mathematical research is important) have been extremely popular, especially among high school teachers, who post them on classroom walls. The “Who Wants to Be a Mathematician” contests mentioned above have drawn enthusiastic crowds of shouting students (which isn’t something mathematics does very often). The Public Awareness Office has helped to highlight the Society, both inside and outside the mathematics community.

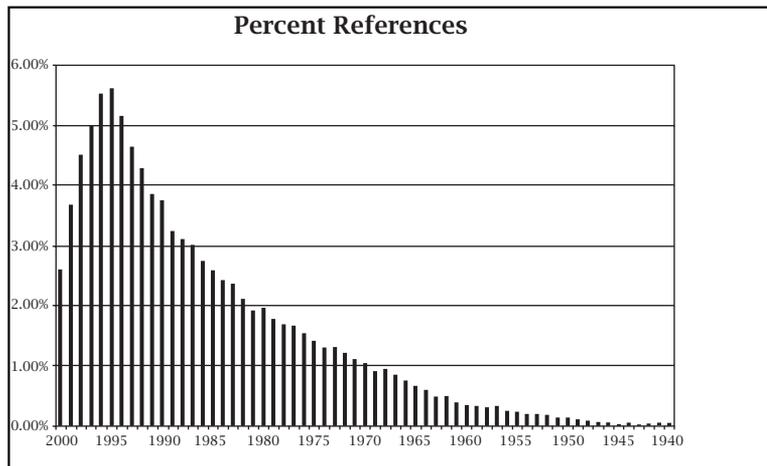


Of course, we could accomplish few of these services if the Society did not have a source of funding, and mainly that source is our publications program. We derive about 75 percent of our revenues from publications. (Members are almost always surprised to discover that individual dues account for only a small percentage of revenues—6.2 percent in 2003.) The health of our publications are therefore directly connected to the health of the Society overall.

Our research journals continue to do extremely well in almost every respect. Submissions to the journals are robust, backlogs are under control, and mathematicians view the journals with respect. While citation indices should be viewed cautiously in mathematics, it is interesting to note that the *Journal of the American Mathematical Society* now

**Impact Factors
(2002)**

1. Journal of AMS	2.533
2. Comm. Pure and Appl. Math.	2.022
3. Annals of Mathematics	1.905
4. Bulletin of the AMS	1.824
5. Memoirs of the AMS	1.661
6. Acta Mathematica	1.621
7. Inventiones	1.616
(All others are below 1.100)	



ranks first as measured by the ISI impact factor. Like most journals, ours experience slight attrition in subscriptions each year, but the attrition remains slight and the journals remain extremely healthy.

The Society has devoted a great deal of time and energy to its book program over the past ten years. We now publish approximately 100 new titles each year, and because

of our policy to keep all monographs in print indefinitely, we list more than 3,000 titles in print. We have extended distribution agreements throughout the world and increasingly distribute books for other publishers. We have recently added several benefits for authors of books, including websites for each book (to post corrections and additional material) and author discounts (50% for 5 years on all AMS books). We have evaluated all aspects of the program, and we plan to expand our book program further in the future.



Mathematical Reviews

The third part of our publications program is Mathematical Reviews, which plays an increasingly important role both in the mathematics community and in the Society itself. Most mathematicians see only the front face of Math Reviews—either the Web version on MathSciNet or (less frequently) the large orange volumes. Sitting behind that facade, however, is an enormously complicated set of interlocking components that produce a high-quality product and make it widely available. Mathematical Reviews has become invaluable to mathematicians around the world.

It wasn't always that way. Math Reviews was founded by Otto Neugebauer, who had been the

editor for *Zentralblatt für Mathematik und ihre Grenzgebiete* (ZBL). When ZBL began to enforce German racial policies in 1938, Neugebauer resigned his position and immigrated to the United States. American mathematicians discussed how to save ZBL, but eventually were led to start a new reviewing journal, which they called *Mathematical Reviews*. Neugebauer and J. D. Tamarkin were its first editors.

In its first year of operation (1940) Math Reviews published 2,120 reviews in 400 pages. The staff consisted of four people: the two editors, a technical assistant (Willy Feller), and a secretary (Evelyn Spencer). Expenses for the year totaled \$14,356.77, and the journal actually showed a small profit.

Over the years Math Reviews slowly evolved into an ever-larger operation, growing from its initial staff of four to a staff of more than seventy. The operation was originally based in Providence (where Neugebauer and Tamarkin held appointments at Brown), and that was part of the motivation for the Society moving its headquarters to Providence in 1951. For the next fourteen years, the Math Reviews staff shared space with the rest of the AMS staff. It was not always an easy sharing, however, because Math Reviews operated as a semiautonomous unit of the Society, with its executive editor reporting directly to the Board. For this reason (and others) Math Reviews moved its offices to Ann Arbor, Michigan, in 1965. That year it had a staff of thirty-five and published about 15,000 reviews.

In the intervening years Math Reviews has had its ups and downs. In the late 1970s Math Reviews fell behind in reviewing, creating a giant backlog of material that was subsequently processed in a short period of time in order to catch up. (The number of published reviews rose by over 50 percent in a single year!) For many years Math Reviews showed a financial loss



Neugebauer



Tamarkin



Feller

Math Reviews 2003

Number of items in the MRDB	1,894,000
Number of reviews in the MRDB	1,661,000
Number of individuals (authors) in the MRDB	400,000
Number of new items added to the MRDB in 2003	77,493
Number of new reviews added to the MRDB in 2003	57,438
Number of new items processed each working day	325
Number of journals currently covered by MR	1,799
Number of classifications in MSC2000	5,529
Number of currently active reviewers	10,843

chooses from over 100,000 items in about 1,800 journals and many hundreds of books. They deal with nearly 3,000 publishing entities, tracking down material when it is lost and sometimes downloading material from the Web. They uniquely identify each of the more than 400,000 authors included in the database, which makes it possible to locate all papers by specific authors (even when names change or are transliterated differently!). They classify, they evaluate, and they annotate articles for further processing. They do all this day after day and week after week, at the rate of about 350 items per day.

for the Society, and there was talk of selling it to commercial publishers. Repeatedly over the years people discussed merging Math Reviews and ZBL in the hope that this would save costs, both for the Society and for subscribers. Early in the development of the Internet, some predicted the imminent demise of Math Reviews, which would “become useless once all mathematics was available on the Web.” Of course exactly the opposite has happened.

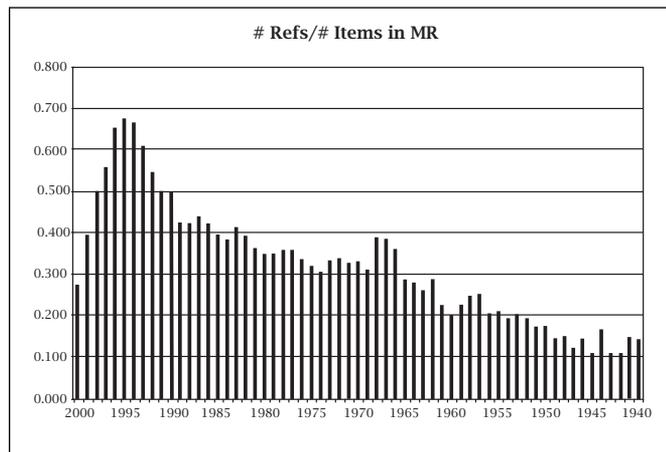
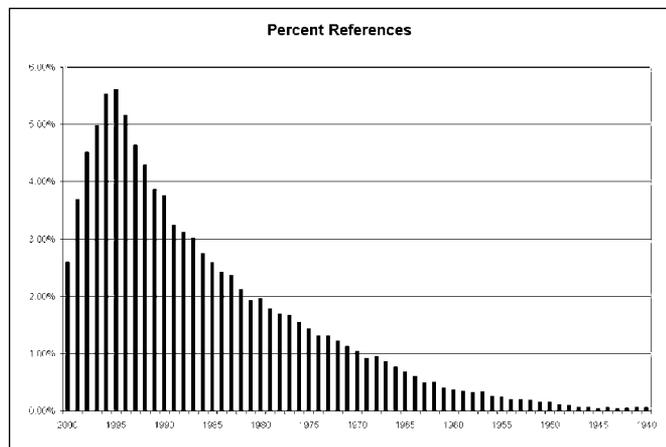
Today Math Reviews is thriving. Each year it adds more than 75,000 items to the database, which now includes more than 1.9 million items. Assembling that database requires more effort than most people imagine. The staff

Reviewers are one of the key assets of Math Reviews, of course, and there are more than 10,000 of them today. Editors decide which reviewers should consider which papers, and the staff must track (and gently remind) reviewers to complete their work. Items are lost in transit, reviewers go on leave (sometimes unexpectedly), occasionally items are returned after long periods of time. Mainly, however, reviews arrive and are edited, not just for style and grammar (that’s the easy part), but to add detailed references and their corresponding Math Reviews numbers to make certain that the database is consistent and interconnected.

Today, of course, there is even more data to be captured: there are about 120 possible fields underlying each item in the database. The Math Reviews database now has more than 360,000 links to original articles, allowing users to access the articles under review with the click of a button. The staff adds more links each year and keeps the old ones up to date. Math Reviews includes a richer and richer collection of internal links showing users which reviews refer to which others, both backwards and forwards. And the most recent additional data is the collection of references for selected journals. It has the potential to add an entirely new way in which to use Math Reviews to understand the mathematical literature.

Beginning two years ago, Math Reviews began capturing reference lists for approximately 100 journals, going back to 1997 for most. Using a sophisticated application, we are able to match those references to the corresponding item in the MR database about 80 percent of the time. (Many items do not correspond to anything in the database, either because they were never published or were never included. The matching rate for items in the database is about 95 percent.) Like links to original articles, the links from references to the corresponding items in Math Reviews provide a wonderfully efficient way to navigate the literature. The entire collection of data can do much more, however.

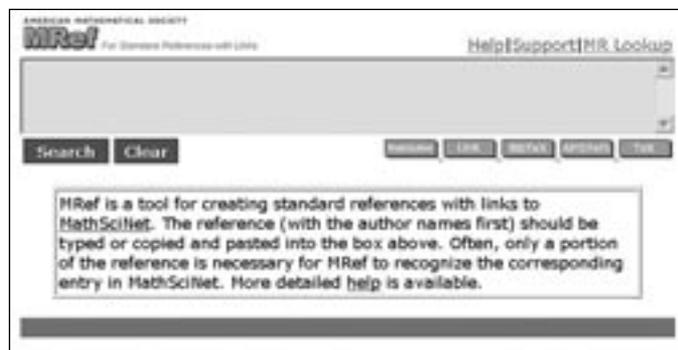
With nearly 800,000 references collected so far, we can begin to study and to understand the mathematical literature far better than we ever have before. Mathematicians have always claimed that mathematical literature is valuable for many years after publication (unlike some other areas); we now can make that evident by graphing the



Journal	# Items	# Refs	Ratio
1. Inst. Hautes Études Sci. Publ. Math.	343	3327	9.70
2. J. Amer. Math. Soc.	486	3333	6.86
3. Invent. Math.	3206	15526	4.84
4. Ann. Sci. École Norm. Sup. (4)	778	3289	4.23
5. J. Differential Geom.	1198	4778	3.99
6. Comm. Pure Appl. Math.	2025	7144	3.53
7. Mem. Amer. Math. Soc.	732	2441	3.33
8. Geom. Funct. Anal.	470	1565	3.33
9. Internat. Math. Res. Notices	553	1757	3.18
10. J. Algebraic Geom.	347	1089	3.14
11. Ann. of Math. (2)	4606	13569	2.95
12. Advances in Math.	379	1030	2.72
13. Ann. Inst. H. Poincaré Anal. Non Lin.	537	1356	2.53
14. Math. Res. Lett.	698	1740	2.49
15. Astérisque	954	2348	2.46
16. J. Funct. Anal.	3308	7838	2.37
17. Comm. Math. Phys.	6280	13334	2.12
18. Bull. Amer. Math. Soc. (N.S.)	911	1899	2.08
19. Ergodic Theory Dynam. Systems	1313	2710	2.06
20. K-Theory	521	1010	1.94

year of publication for all references from recent papers. Better yet, since the number of items in Math Reviews each year measures the approximate size of the mathematical literature, we can measure how often the past mathematical literature is still cited. It is a convincing argument that mathematics has a very long life!

For many years scientists in other fields have used the "impact factor" to measure the quality of journals. The impact factor is measured by Thompson ISI, which compiles citation data for a large collection of journals. For any given journal, the impact factor for a specific year is the number of citations to the previous two years of that journal divided by the total number of articles published in the journal in those two years. While this provides some in-



formation, it is clearly flawed for mathematics, mainly because the time frame (two years) is far too short.

We can use the Math Reviews citation database to gain a much clearer and more sophisticated understanding of this phenomenon. Again, we can use both the citation database and the Math Reviews database itself to measure the relative frequency of citations. For example, by

dividing the number of citations to a particular journal by the total number of articles published in that journal for the past sixty years, we get a much broader understanding of the frequency of citations. And we can choose the time period to refine the information.

Of course, citation data can be misused (in some disciplines, self-citations are a major problem), and one should be careful to understand the limitations of citation data (at the moment, the MR data is too limited to be reliable). But over time, as we double the number of journals and build up a citation database, users of Math Reviews will be able to study the literature in ways they never could have before.

The Mathematical Reviews database is spectacular, but Math Reviews today is much more than just the database. The Web interface, MathSciNet, is what has revolutionized the way in which mathematicians use the database. MathSciNet is not a collection of Web pages, however; it is a sophisticated piece of software that undergoes extensive development on an annual cycle. In late winter of each year, staff in the Ann Arbor and Providence offices consider a list of

potential improvements and enhancements for the next cycle. They review comments made to the customer support personnel in Providence, they consider suggestions made directly to the executive editor in Ann Arbor, and they generate ideas from everyone involved in the publication program. The list is narrowed, modified, and (sometimes) expanded. Development takes place over the next six months, and the new version of MathSciNet is released to all sites in September. We are currently working on version 10.



Jane Kister, MR Executive Editor retiring in July 2004.

Software development produces many of the tools associated to MathSciNet as well. One of the most exciting is the recently released MRef tool (<http://www.ams.org/mref>), which makes it possible to find an item in Math Reviews by entering only portions of the actual reference, even with possible mistakes. (It is this tool that underlies the ability to match the items in reference lists with the corresponding items in Math Reviews.)

To be successful, however, Mathematical Reviews requires even more than a marvelous database and a sophisticated interface. Creating that database and the surrounding software is expensive. Math Reviews is entirely self-sufficient, and, in fact, along with other parts of our publications program, Math Reviews makes money for the Society to support our outreach.

Math Reviews has been financially successful because of an effective pricing scheme and hard work. A little more than ten years ago, the Society changed the way in

which Math Reviews was priced. Subscribers were asked to pay a Data Access Fee (the DAF, which this year is \$5,467 for institutional members) and then to purchase whatever individual products they chose (in 2004 this is \$526 for paper and \$1,998 for MathSciNet or MathSciDisc). It was a sensible way to price a database product, because it separated the various components assembling the database and delivering it in various formats. But it also made it possible to create a flexible scheme for pricing Math Reviews for consortia.

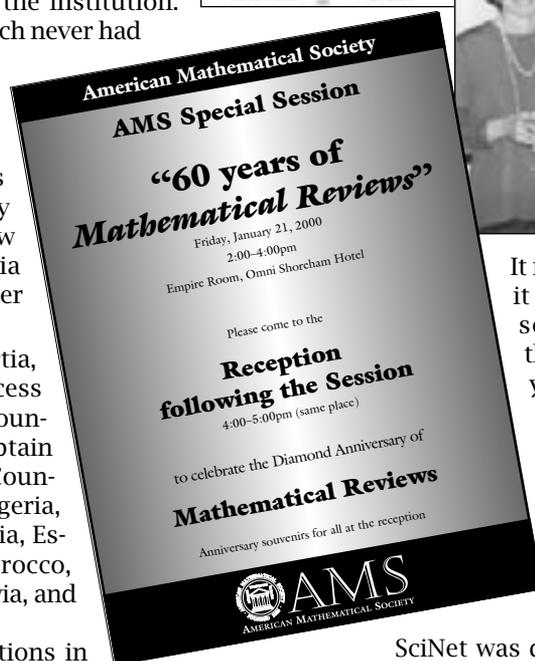
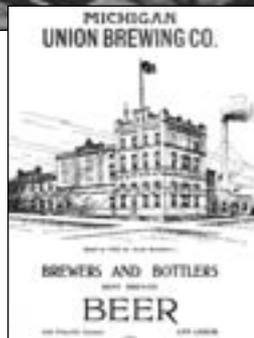
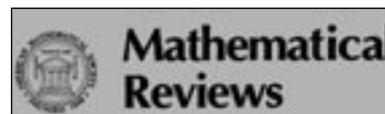
Consortia of institutions can now purchase Math Reviews products by joining together. The Data Access Fee for the consortium is the sum of all previous subscribers (no savings there). But adding new subscribers does not increase the DAF. Each member of the consortium can then purchase MathSciNet at a reduced price of \$250–\$1,000 depending on “mathematical activity” at the institution. This means that a small college, which never had access to Math Reviews in the past, can join with nearby large universities to access MathSciNet for as little as \$250 per year. Large and small institutions gain by this arrangement, whether or not they previously subscribed. There are now more than one hundred consortia around the world involving well over one thousand institutions.

In addition to the regular consortia, the Society has a National Data Access Fee program that allows certain countries in the developing world to obtain access at greatly reduced prices. Countries currently participating are Algeria, Bosnia, Bulgaria, Costa Rica, Croatia, Estonia, Fiji, Lebanon, Macedonia, Morocco, Romania, Serbia, Vietnam, Yugoslavia, and Zimbabwe.

Keeping track of all the institutions in consortia as well as the single-institution subscribers is a large job, involving many staff. We have to track subscriptions, send invoices in the right amounts to the right institutions, deal with agents (not always easy), help institutions find a consortium to join, add and subtract Internet addresses for access, etc. This work is done by our Marketing/Sales and Customer Services Departments in the Providence headquarters.

Because of this flexible pricing, the number of institutions with access to the Math Reviews database has more than doubled during the past ten years, a remarkable achievement at a time when journal subscriptions are under enormous pressure.

By almost every measure, Mathematical Reviews is healthier now than at any time in the past sixty-four years.



It is used by mathematicians everywhere, it is widely admired, and it is financially secure. We have reached this state through the efforts of people over many years (including the present executive editor, Jane Kister, who will retire in July of this year).

Twenty-five years ago when Math Reviews was struggling, some people had the foresight to make certain that the underlying database was computerized, long before they were certain about its usefulness. Math-

SciNet was developed initially at considerable expense, largely because people had the belief that putting a database online was the right thing to do. When the Society decided to add the old reviews from prior years, it invested nearly \$1 million keyboarding those reviews. It was an investment that paid off. We need to continue to invest in Math Reviews in similar ways in the future so that it remains a vital part of the Society's publication program—in many ways, the most important part. And we will.

—John Ewing
Executive Director

Report of the Treasurer (2003)

I. Introduction

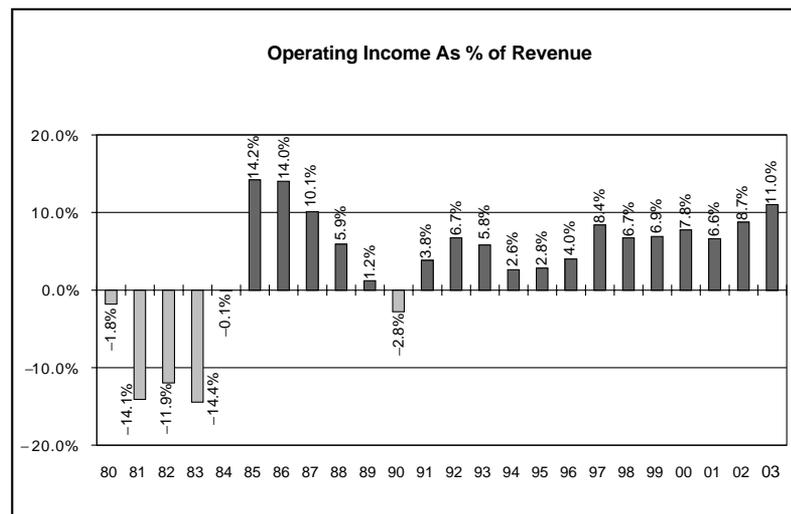
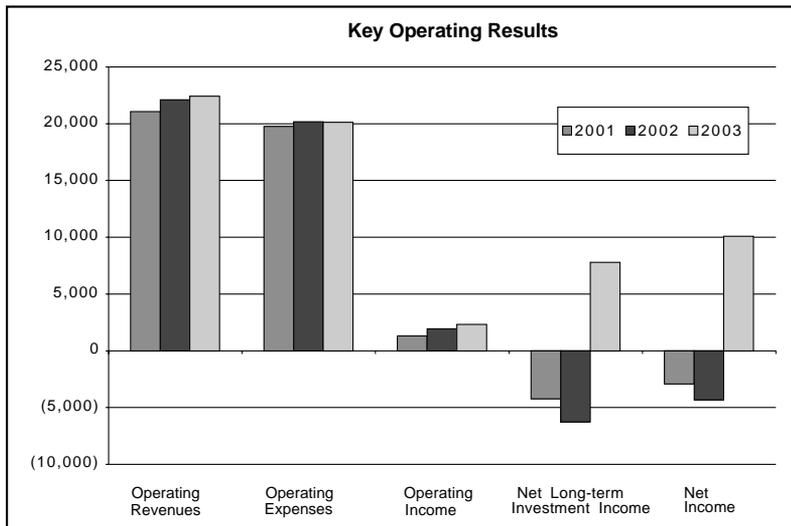
One of the most important duties of the treasurer is to lead the Board of Trustees in the oversight of financial activities of the Society. This is done through close contact with the executive staff of the Society, review of internally generated financial reports, review of audited financial statements, and direct contact with the Society's independent auditors. Through these and other means, the trustees gain an understanding of the finances of the Society and the important issues surrounding its financial reporting. The "Report of the Treasurer" is presented annually and discusses the financial condition of the Society as of the immediately preceding fiscal year end and the results of its operations for the year then ended. It contains summary information regarding the operating results and financial condition of the Society for 2003, a "Review of 2003 Operations", containing more detailed information regarding the Society's operations, and a discussion of the assets and

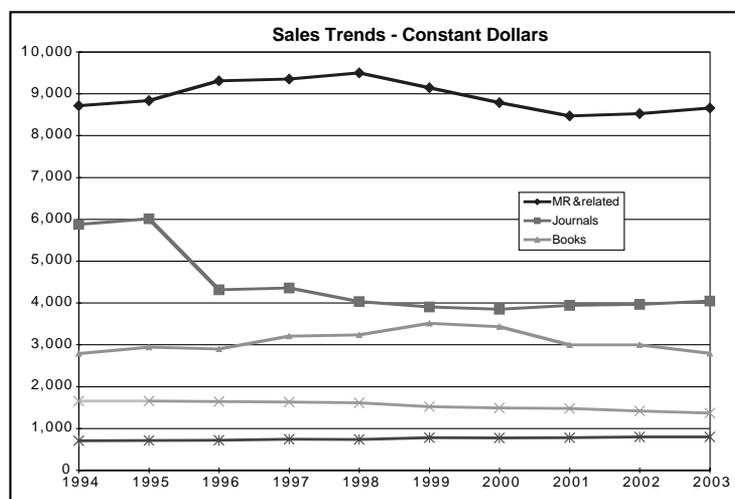
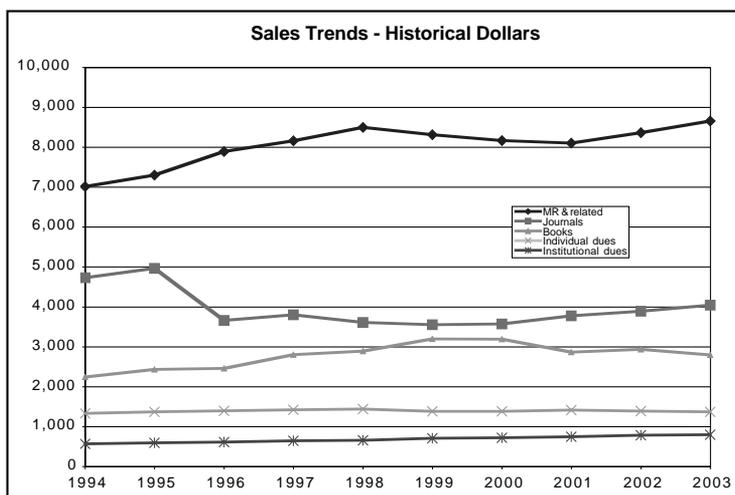
liabilities of the Society. Finally, in the last part of the report, there are summary financial statements which present the balance sheet and other financial statements of the Society.

The Society segregates its net assets and the activities that increase or decrease net assets into three types. Unrestricted net assets are those that have no requirements as to their use placed on them by donors outside the Society. A substantial majority of the Society's net assets and activities are in this category. Temporarily restricted net assets are those with donor-imposed restrictions or conditions that will lapse upon the passage of time or the accomplishment of a specified purpose. Examples of the Society's temporarily restricted net assets and related activities include grant awards and the spendable income from prize and other income-restricted endowment funds. Permanently restricted net assets are those that must be invested in perpetuity and are commonly referred to as endowment funds. The accompanying financial information principally relates to the unrestricted net assets, as this category includes the operating activities of the Society.

Unrestricted revenues in excess of unrestricted expenses for the year ended December 31, 2003, resulted in an increase in unrestricted net assets of approximately \$10,082,000. Of this amount, net income on the unrestricted portion of the long-term investment portfolio totaled \$7,781,000 and net income from operations totaled \$2,301,000. The recovery in the domestic and international financial markets that occurred in 2003 resulted in a return on the long-term portfolio of approximately 23.9%. These and other matters are discussed in more detail in the following sections.

The Society's net assets totaled \$53,821,000 at December 31, 2003: \$3,156,000 is permanently restricted, consisting principally of the original amount of donor restricted gifts and bequests received by the Society; \$1,591,000 is temporarily restricted by donor-imposed limitations that will lapse upon the passage of time or the use of the asset for its intended purpose; \$49,074,000 is unrestricted, of which \$38,438,000 has been designated by the Board of Trustees as reserved for future expenditure, principally in the form of the Economic Stabilization Fund (ESF). This fund's purpose is to provide a source of cash in the event of a financial crisis. The Society's Board of Trustees set the minimum level at which to maintain the ESF at the current estimate of the postretirement health benefit obligation plus 75% of annual operating expenses. As of the end of 2003, the value of the ESF exceeds the established minimum level. The remaining unrestricted net assets consist of \$4,316,000 invested in fixed assets and \$6,320,000 of undesignated net assets.





II. Review of 2003 Operations

As indicated in the top graph on the prior page, the past three years have been very good years financially for the Society, apart from investment losses incurred in two of these years.

Although the Society experienced investment losses from 2000–02, a significant portion of those losses was recouped in 2003. Further, in spite of these losses, long-term investments have generated high returns over a long period (an average annual return of 9.2% over the last ten years), and that income has helped the endowment funds (and the income they produce) to keep pace with inflation.

In 2002 and 2003 the Board of Trustees appropriated investment income from those endowment funds with income whose use is unrestricted and from a portion of the Economic Stabilization Fund to support operations. The amount of such appropriations included in operating revenue is \$760,811 in 2002 and \$865,696 in 2003.

When reflecting on years with good operating results, it is instructive to review the Society's record for a somewhat longer period. The bottom chart on the previous

page shows operating income as a percentage of operating revenues. Two observations are noteworthy. First, the margins achieved from 1997 to 2003 are somewhat higher than the average of all the years presented. Second, the variation in margin over the more recent years is smaller than the variation in the earlier years. Taken together, these are positive financial indicators.

If the Board of Trustees had not appropriated investment income to support operations in 2002 and 2003, the operating income margin percentage above would have been approximately 5.5% in 2002 and 7.1% in 2003. These are both above the average for the period shown above and consistent with the results for the five prior years.

Sales Trends

The graphs to the left show sales trends from 1994 through 2003, first in historical dollars and second in constant dollars (using 2003 as the base year and adjusting other years for inflation).

The trends shown in "Sales Trends—Historical Dollars" are mildly upward, and this is partly due to pricing strategies that counter the effects of inflation. Below, the chart is repeated with the underlying data converted to constant dollars.

Mathematical Reviews. Total revenue from MR in its various forms increased in 2003. This is due to price increases effective in 2003, net of attrition (which was minor). Also, the value of the dollar in many overseas markets continued to be favorable from the perspective of the overseas markets, thus maintaining or lowering the effective cost of the products in many other countries. The Society continues to concentrate its marketing efforts on working with consortia, where costs can be spread over a larger number of institutions. This has the effect of providing the MR product line to a much wider audience than could afford it as individual institutions, as well as protecting the current revenue stream for future years. MR is currently financially healthy; however, it is probably unrealistic to expect significant increases in sales from additional subscribers.

Journals. Journal revenues are doing well, with perhaps slight improvements in the last three years, as attrition of subscribers has been less than expected. A portion of the 2003 increase in revenues is due to the publication of both the 2002 and 2003 volumes of *Trudy Moscow*. If revenues had been recorded in the years expected, the journal revenue increase in 2003 would have been reduced to approximately \$100,000. However, in 2003 a subscription agent defaulted on payments to publishers and subsequently declared bankruptcy. The Society gave gratis subscriptions to the affected institutions for 2003. Therefore, the fact that the Society experienced any increase in journal revenue in 2003 demonstrates the strength of the Society's journal program.

There continue to be financial pressures on libraries everywhere in the world. The decline in the value of the dollar compared to many other currencies has helped the

Major Expense Categories	2001		2002		2003	
Personnel Costs	\$12,801	65%	\$12,945	64%	\$13,388	67%
Building and equipment related	1,541	8%	1,436	7%	1,387	7%
Postage	838	4%	844	4%	815	4%
Outside printing and binding	817	4%	848	4%	691	3%
Travel, staff and volunteers	462	3%	488	3%	778	5%
All other expenses	3,213	16%	3,602	18%	2,887	14%
TOTAL	\$19,672	100%	\$20,163	100%	\$19,946	100%

Society's retention efforts with respect to non-U.S. subscribers. Hopefully the domestic economy will continue to recover, which should help these retention efforts.

The drop in 1996 resulted from decisions made by those in control of four Russian journals (*Izvestiya*, *Sbornik*, *Steklov*, and *Doklady*) to use sources other than the AMS for translation into English and distribution of the resulting translation journals.

Books. Book revenues decreased in 2003 in historical and constant dollars, due primarily to the shortfall in new titles as compared to prior years. There continues to be an overall sluggish market in scholarly book sales worldwide, consistent with the overall economic conditions. The Society continues to work with distributors and has revamped marketing efforts in order to keep the book program as healthy as possible in a difficult market.

Dues. Dues, the sum of individual and institutional, have shown a slight upward slope on the historical dollars chart and a flat or slightly decreasing line in constant dollars. A flat constant dollar line is expected for institutional dues, as the number of members varies little from year to year and the dues rates have been set so that dues will increase at about the same level as inflation. There has been a slight decline in individual dues from their high in 1998.

Major Expense Categories

The table above shows the major expense for 2001, 2002, and 2003 in thousands of dollars. In terms of how expense dollars are allocated, there is not much change from year to year.

III. Assets and Liabilities

So far, this report has dealt with revenues and expenditures that affect unrestricted net assets. Another aspect of the Society's finances is what it owns and owes, or its assets and liabilities, which are reported in the Balance Sheets. As discussed previously, the Society's net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted, or permanently restricted. A majority of the assets and liabilities detailed on the accompanying Balance Sheets constitute the unrestricted net assets. The permanently restricted net assets are supported by investments in the long-term investment portfolio, and the temporarily restricted net assets are supported by investments in the long-term and short-term investment portfolios. The Market Value of Invested Funds shows the market value of each endowment

and Board-designated (quasi-endowment) fund, including any reinvested earnings.

The Society's fiscal year coincides with the period covered by subscriptions and dues. Since dues and subscriptions are generally received in advance, the Society reports a large balance of cash and short-term investments on its financial statements at year-end. This amounted to approximately \$15,893,000 and \$13,985,000 at December 31, 2003, and 2002, respectively. The recorded liability for the revenues received in advance was approximately \$10,797,000 and \$11,155,000 at December 31, 2003, and 2002, respectively.

The Society's property and equipment include land, buildings and improvements, office furniture and equipment, and software. The Society also owns a small amount of transportation equipment. The land, buildings, and improvements include the Society's Rhode Island headquarters, with buildings in Providence and Pawtucket, and the Mathematical Reviews offices in Ann Arbor. The largest part of the Society's office equipment is its investment in computer facilities.

The Society's endowment is managed under the "total return concept". Under this management policy, income in excess of a reasonable amount (set by the Board of Trustees) is reinvested and increases the value of the fund. This allows for growth in income over time. As discussed previously, in 2002 the Board of Trustees appropriated investment income from the true endowment funds whose use of income is unrestricted and from a portion of the Economic Stabilization Fund to support operations. The amount of such appropriations included in operating revenue is \$865,696 and \$760,811 in 2003 and 2002, respectively.

IV. Summary Financial Information

The following are summaries of the audited annual financial statements of the Society. Each year the Audit Committee of the Board of Trustees meets with the Society's auditors to review the conduct of the audit, the Society's financial statements, and the auditors' report on the financial statements. Pursuant to the recommendation of the Audit Committee, the Board of Trustees has accepted the audited financial statements. A copy of the Society's audited financial statements, as submitted to the trustees and the Council, will be sent from the Providence office to any member who requests it from the treasurer. The

treasurer will be happy to answer any questions members may have regarding the financial affairs of the Society.

—Respectfully submitted,

John M. Franks
Treasurer

BALANCE SHEETS

December 31, 2003 and 2002

Assets	2003	2002
Cash and cash equivalents	\$ 678,795	\$ 447,334
Short-term investments	13,537,923	13,537,923
Receivables, less allowances	1,223,912	1,135,479
Deferred prepublication costs	686,279	614,291
Completed books	1,165,507	1,285,692
Prepaid expenses and deposits	1,044,717	1,041,481
Land, bldgs., and equipment, less accumulated depreciation	4,316,071	4,466,363
Long-term investments	47,292,301	38,282,201
Total assets	\$ 71,621,398	\$ 60,810,764
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,271,481	\$ 1,181,860
Accrued expenses	2,623,354	2,683,431
Deferred revenue	10,796,619	11,153,592
Postretirement benefit obligation	3,108,747	2,748,747
Total liabilities	17,800,201	17,767,630
Net assets:		
Unrestricted	49,074,025	38,991,709
Temporarily restricted	1,591,000	1,361,037
Permanently restricted	3,156,172	2,690,388
Total net assets	53,821,197	43,043,134
Total liabilities and net assets	\$ 71,621,398	\$ 60,810,764

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2003 and 2002

Changes in unrestricted net assets:

Operating Revenue	2003	2002
Publication:		
Mathematical Reviews and related activities	\$ 8,658,388	\$ 8,361,089
Journals (excluding MR)	4,043,300	3,891,416
Books	2,797,201	2,936,959
Sale of services	312,760	420,552
Other	141,322	130,638
Total publication revenue	15,952,971	15,740,654
Membership and professional services:		
Dues, services, and outreach	3,323,900	3,514,799
Grants, prizes, and awards	790,011	960,517

Investment earnings available for spending	790,700	649,500
Meetings	944,433	872,541
Total membership and professional services revenue	5,849,044	5,997,357
Short-term investment income	452,613	262,141
Other	154,919	94,434
Total operating revenue	\$22,409,547	\$22,094,586

Operating Expenses		
Publication:		
Mathematical Reviews and related activities	\$ 5,488,300	\$ 5,374,976
Journals (excluding MR)	1,267,824	1,038,486
Books	2,480,675	2,512,238
Divisional indirect	689,493	1,083,229
Warehousing and distribution	704,464	689,277
Marketing and sales	104,653	188,187
Sale of services	224,353	252,722
Total publication expense	10,959,762	11,241,636
Membership and professional services:		
Dues, services, and outreach	2,851,239	2,772,368
Grants, prizes, and awards	844,852	1,029,662
Meetings	856,032	803,132
Governance	464,816	384,256
Divisional indirect	438,360	515,949
Total membership and professional services expense	5,455,299	5,505,367
Other	64,965	71,075
Member and customer services	759,530	733,987
General and administrative	2,868,969	2,610,586
Total operating expenses	20,108,525	20,162,651
Excess of operating revenue over operating expenses	2,301,022	1,931,935
Long-term investment return (loss) in excess of investment earnings available for spending	7,781,294	(6,247,209)
Change in unrestricted net assets	10,082,316	(4,315,274)
Changes in temporarily restricted net assets:		
Contributions and grants	86,158	58,069
Long-term investment income (loss)	439,822	(109,647)
Net assets released from restrictions	(296,017)	(373,015)
Change in temporarily restricted net assets	(229,963)	(424,593)
Change in permanently restricted net assets—Contributions	465,784	337,198
Change in net assets	10,778,063	(4,402,669)
Net assets, beginning of year	43,043,134	47,445,803
Net assets, end of year	\$ 53,821,197	\$ 43,043,134

FROM THE AMS

MARKET VALUE OF INVESTED FUNDS

December 31

	2003	2002	2001
Endowment Funds:			
Prize Funds:			
Steele	\$ 547,113	\$ 466,213	\$ 570,297
Birkhoff	33,098	28,204	34,500
Veblen	11,178	9,525	11,651
Wiener	11,178	9,525	11,651
Bôcher	8,129	6,927	8,474
Conant	36,488	31,092	38,034
Cole	19,196	16,358	18,787
Satter	29,059	24,763	30,291
Morgan	39,707	33,836	41,390
Albert Whiteman	37,438	35,438	30,438
Arnold Ross Lectures	50,000	50,000	50,000
Trjitzinksky	439,892	374,719	458,254
C. V. Newsom	204,702	174,433	213,376
Centennial	104,958	89,438	107,570
Menger	10,272	9,250	10,602
Ky Fan (China)	366,757	366,757	366,757
Epsilon	550,335	448,808	340,350
Total (Income Restricted)	<u>2,509,850</u>	<u>2,175,286</u>	<u>2,342,422</u>
Endowment	661,856	563,358	679,815
Morita	118,107	100,000	109,011
Henderson	3,547,938	3,019,927	3,644,206
Schoenfeld/Mitchell	665,628	221,139	
Laha	224,498	189,309	189,309
Ritt	211,380	179,923	217,116
Moore	19,925	16,960	20,466
Total (Income Unrestricted)	<u>5,449,332</u>	<u>4,290,616</u>	<u>4,859,923</u>
Total Endowment Funds	<u>7,959,182</u>	<u>6,465,902</u>	<u>7,202,345</u>
Quasi-Endowment Funds:			
Friends of Math	123,572	123,572	123,572
Russian Royalties	17,829	17,829	17,829
Journal Archive Fund	334,714	237,078	225,750
Economic Stabilization Fund	37,476,366	30,815,123	32,493,104
Young Scholars	485,162	391,485	450,787
Charitable Gift Annuities			42,854
Total Quasi-Endowment Funds	<u>38,437,643</u>	<u>31,585,087</u>	<u>33,353,896</u>