

2015 Annual Report

Safeguarding & Strengthening Science



 **AGU**
American Geophysical Union

Financial Summary

AGU completed another fiscal year on 31 December 2015. Tate & Tryon conducted the 2015 audit and gave found that AGU's financial statements fairly represented the organization's financial position and were in accordance with generally accepted accounting principles. Assets and liabilities were in balance on 31 December 2015, at \$102.6 million, which equates to a decrease of approximately 5.8% over 2014. AGU showed a negative change in Net Assets of \$5.5 million for the fiscal year. The negative affect of market conditions on the investment portfolio was the primary cause of this deficit. This coupled with the strategic initiative spending – which are focused on AGU's continued improvements in products, services, and information offered to members and the society – lead to the overall deficit. To meet these goals, AGU continued implementing new technology and worked to improve business processes throughout the year.

To fund strategic initiatives in support of the AGU's mission and to protect against business disruptions, AGU held financial reserves of over \$85.7 million at year's end. As 2015 showed, positive investment returns are never guaranteed.

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Statements of Financial Position

December 31,	2015	(Restated) 2014
Assets		
Cash and cash equivalents	5,899,615	\$ 6,304,397
Investments	85,694,413	89,071,726
Debt Service Reserve Fund and other escrows	616,927	616,312
Receivables, net	2,020,667	3,810,555
Prepaid expenses	1,031,273	838,755
Property and equipment, net	7,239,018	8,137,861
Debt issuance costs, net	132,508	149,777
Arts and precious stones	3,667	3,667
Total assets	\$ 102,638,088	\$ 108,933,050
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 6,089,108	\$ 5,811,541
Deferred revenue	2,273,908	882,279
Postretirement health benefits	3,444,344	5,305,413
Security deposits	7,077	18,746
Interest rate collar	486,290	577,303
Notes payable	4,505,000	4,965,000
Total liabilities	16,805,727	17,560,282
Net assets		
Unrestricted:		
Undesignated	42,421,202	48,361,347
Designated	36,057,096	35,147,230
Total unrestricted	78,478,298	83,508,577
Temporarily restricted	6,731,023	7,258,771
Permanently restricted	623,040	605,420
Total net assets	85,832,361	91,372,768
Total liabilities and net assets	\$ 102,638,088	\$ 108,933,050

Statements of Activities

December 31,	2015	(Restated) 2014
Unrestricted activities		
Revenue and support		
Publications	\$ 17,423,976	\$ 18,266,684
Meetings	10,871,031	10,144,952
Member dues	1,942,159	2,024,234
Rental Income	423,100	659,382
Other	223,732	251,290
Contributions	153,829	153,258
Grants and contracts	145,649	1,235,802
Royalty income	6,482	19,592
Net assets released from restrictions	438,743	454,301
Total unrestricted revenue and support	31,628,701	33,209,495
Expense		
Program services		
Meetings	11,472,654	10,349,928
Marketing, communication, and engagement	8,054,886	7,294,214
Publications	6,604,640	6,352,257
Science	4,211,903	2,669,114
Membership	1,247,733	1,332,653
Federal grant subawards	115,685	1,187,440
Total program services	31,707,501	29,185,606
Supporting services		
Fundraising and development	2,168,537	1,584,588
General and administration	939,716	882,773
Building	802,503	944,760
Total supporting services	3,910,756	3,412,121
Total expense	35,618,257	32,597,727
Change in unrestricted net assets from operations	(3,989,556)	611,768
Investment income	(2,992,805)	3,406,456
Net gain on interest rate collar	91,013	29,507
Postretirement health benefit (expense) credit	1,861,069	(1,573,810)
Change in unrestricted net assets	(5,030,279)	2,473,921
Temporarily restricted activities		
Investment (loss) income	(309,207)	289,643
Contributions	220,202	157,393
Net assets released from restrictions	(438,743)	(454,301)
Change in temporarily restricted net assets	(527,748)	(7,265)
Permanently restricted activities		
Contributions	17,620	605,420
Change in permanently restricted net assets	17,620	605,420
Change in net assets	(5,540,407)	3,072,076
Net assets, beginning of year	91,372,768	88,300,692
Net assets, end of year	\$ 85,832,361	\$ 91,372,768

AGU's investment portfolio is continually monitored to ensure that appropriate levels of safeguards and risks are in place to take full advantage of the market, and to meet the long-term needs of the organization. In total, the organization's 2015 financial reserves lost \$3.6 million.

In turn, revenues from membership, publications, and meetings were used to support the AGU Mission of promoting discovery in Earth and space science for the benefit of humanity through programs focusing on the key elements of our Strategic Plan: Scientific Leadership and Collaboration, Science and Society, Talent Pool, and Organizational Excellence. Additionally, AGU staff are actively engaged in the development of new member, business, and societal opportunities that will support the mission, vision, and future needs of the organization.

AGU leadership and management remain mindful of the changing U.S. and global economies, and their impact on the Union and its members. Thus, AGU is prepared to modify the fiscal strategies of the organization in order to meet the ever changing needs of the membership.



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