

**AMERICAN MATHEMATICAL SOCIETY
EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES
MAY 16-17, 2003
PROVIDENCE, RHODE ISLAND**

MINUTES

A joint meeting of the Executive Committee of the Council (EC) and the Board of Trustees (BT) was held Friday and Saturday, May 16-17, 2003, at the AMS Headquarters in Providence, Rhode Island.

The following members of the EC were present: Robert L. Bryant, Walter Craig, Robert J. Daverman, David Eisenbud, David R. Morrison, and Hugo Rossi. Hyman Bass was unable to attend.

The following members of the BT were present: John B. Conway, David Eisenbud, John M. Franks, Eric M. Friedlander, Linda Keen, Donald E. McClure, Jean E. Taylor, and Carol S. Wood.

Also present were: Gary G. Brownell (Deputy Executive Director), John H. Ewing (Executive Director and Publisher), Ellen H. Heiser (Assistant to the Executive Director [and recording secretary]), Elizabeth A. Huber (Associate Publisher), Jane E. Kister (Executive Editor, Mathematical Reviews), James W. Maxwell (Associate Executive Director, Meetings and Professional Services), Constance W. Pass (Chief Financial Officer), and Samuel M. Rankin (Associate Executive Director, Government Relations and Programs).

The following members of the staff steering committee on membership were present for the Friday-evening discussion on focused planning for membership (item 2.19): Diane Boumenot (Manager, Membership and Programs Department) and Annette W. Emerson (Public Awareness Officer).

Chris Brathas (Senior Manager) and Steve Caron (Partner) from the auditing firm of KPMG were present for the discussion of item 3.1 on Saturday afternoon.

President David Eisenbud presided over the EC and ECBT portions of the meeting (sections beginning with 0, 1, or 2). Board Chair Eric Friedlander presided over the BT portion of the meeting (sections beginning with 3).

Items occur in numerical order, which is not necessarily the order in which they were discussed at the meeting.

0	CALL TO ORDER AND ANNOUNCEMENTS
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0.1 **Opening of the Meeting and Introductions.**

President Eisenbud convened the meeting and everyone introduced themselves.

0.2 Housekeeping Matters.

Executive Director Ewing informed the ECBT about several housekeeping matters related to the present meeting.

1I EXECUTIVE COMMITTEE INFORMATION ITEMS

1I.1 Secretariat Business by Mail. Att. #1.

Minutes of Secretariat business by mail during the months October 2002 – April 2003 are attached (#1).

2 EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES ACTION/DISCUSSION ITEMS
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2.1 Report on Committee on Education (COE). Att. #2.

The ECBT received the attached report on COE activities since the last ECBT meeting (Att. #2). The next COE meeting will be October 24-25, 2003.

2.2 Report on Committee on Publications (CPub).

The ECBT was informed that there is nothing new to report on CPub since the last ECBT meeting. The next CPub meeting will be September 19-20, 2003.

2.3 Report on Mathematical Reviews Editorial Committee (MREC).

The ECBT was informed that there is nothing new to report on MREC since the last ECBT meeting. The next MREC meeting will be September 29, 2003.

2.4 Report on Committee on the Profession (CoProf).

The ECBT was informed that the 2002 Annual Report on CoProf activities has been filed with the Council and is posted on the AMS website (<http://www.ams.org/ams/Coprof-rpt2002.pdf>). The next CoProf meeting will be September 13, 2003.

2.5 Report on Committee on Meetings and Conferences (COMC). Att. #3.

The ECBT received the attached report on the March 29, 2003 COMC meeting (Att. #3).

2.6 Report on Committee on Science Policy (CSP). Att. #4.

The ECBT received the attached report on the April 11-12, 2003 CSP meeting (Att. #4).

2.7 Washington Office Report. Att. #5.

The ECBT received the attached report on recent Washington office activities (Att. #5).

2.8 Report on Long Range Planning Committee (LRPC).

The Chair of the LRPC, David Eisenbud, reported that the Committee met on May 16, 2003, and discussed the goals and operation of the Washington Office and the Committee on Science Policy. The LRPC agreed that the Washington Office has been extremely effective, and Sam Rankin and Monica Foulkes are doing a fantastic job. The ECBT concurred by acclamation. The LRPC also agreed that the charge to the Committee on Science Policy needs to be reviewed and updated. A subset of LRPC members will consult with pertinent parties and recommend a revised charge to the November 2003 LRPC and January 2004 Council.

2.9 Report from the President. Att. #6.

The ECBT received the attached report from President Eisenbud (Att. #6).

2.10 Report on Joint Policy Board for Mathematics (JPBM). Att. #7.

The Executive Director reported that JPBM met on April 10, 2003. The agenda for the meeting is attached (#7). The meeting was "hosted" by SIAM in the normal rotation, according to the revised format used in the past several years. In the future, these hosting duties will rotate among the three member organizations by year (instead of by meeting).

2.11 RoweCom Update. Att. #8.

The ECBT received the attached update (#8) on the actions taken to minimize the impact of the financial collapse of the subscription agenda, divine/RoweCom.

2.12 2004 Journal Pages and Prices.

The ECBT approved the following numbers of pages, and the BT approved the following prices, for 2004 journal subscriptions:

	2004 pages	2004 list prices
<i>Abstracts of Papers Presented to the AMS*</i>	620*	\$118
<i>Bulletin of the AMS</i>	640	\$375
<i>Conformal Geometry and Dynamics</i>	200	\$25
<i>Current Mathematical Publications*</i>	3,978*	\$617
<i>Electronic Research Announcements</i>	200	free
<i>Journal of the AMS</i>	1,000	\$258

	2004 pages	2004 list prices
<i>Mathematical Reviews*</i>		
Issue pages	10,165*	
Annual index pages	5,479*	
Total MR pages	15,644*	
MR Products		
Paper		\$526
MR Sections		\$150
Data Access Fee		\$6,834
MathSciDisc		\$1,998
MathSciNet		\$1,998
MathSciNet & MathSciDisc		\$2,785
<i>Mathematics of Computation</i>	2,000	\$436
<i>Memoirs of the AMS</i>	3,200	\$583
<i>Notices of the AMS</i>	1,550	\$401
<i>Proceedings of the AMS</i>	3,520	\$954
<i>Representation Theory</i>	500	\$25
<i>St. Petersburg Mathematical Journal*</i>	1,208*	\$1,546
<i>Sugaku Expositions</i>	240	\$173
<i>Theory of Probability and Mathematical Statistics*</i>	324*	\$592
<i>Transactions of the AMS</i>	5,000	\$1,565
<i>Transactions of the Moscow Mathematical Society*</i>	259*	\$418
*the numbers of pages for these journals are not completely within the staff's control, so they are currently the staff's best estimates and were included in the version of the 2003 budget presented at this meeting.		

2.13 2004 Individual Member Dues.

The ECBT set 2004 individual dues at \$148 for the ordinary high dues category, and set the break point between low and high level dues at \$80,000. It was noted that the April 2003 Council already approved changing the high/low dues cutoff to \$80,000 for 2004.

2.14 2004 Institutional Member Dues.

The ECBT approved an average increase in dues of 3% for North American institutional members for 2004. It was noted that 2004 dues for international institutional members were already set by the November 2002 BT and the January 2003 Council.

2.15 Registration Fees for the January 2004 Joint Mathematics Meetings.

The ECBT reviewed budget summaries for the January 2004 Phoenix Joint Meetings and exhibits. Based on this information, the BT voted to advise the Joint Meetings Committee that the member pre-registration fee for this meeting be set at \$193.

2.16 AMS Presence at the SACNAS Annual Meeting. Att. #12.

The AMS has provided \$5,000 toward support of the mathematics program at the past four national meetings of the Society for Advancement of Chicanos and Native Americans in Science (SACNAS). The first two years of AMS support came from the Program Development Fund. This outreach activity is now reviewed as a part of the regular annual budgeting process and support is built into the annual budget.

The ECBT received the attached report (#12) on the mathematics-related activities that took place at the October 2002 SACNAS meeting. SACNAS is highly effective at nurturing talented undergraduates from within their target communities to successful completion of graduate degrees in science and mathematics. AMS's presence at the SACNAS national meetings since 1997 has helped build strong ties to this community of scholars committed to excellence.

2.17 Number of AMS Prizes. Att. #13.

The March 2003 Agenda and Budget Committee discussed the number of prizes offered by the AMS and asked that some background information be gathered for a discussion at the ECBT meeting. There is a perception, held by most members of the Society, that there aren't enough prizes in mathematics and that other disciplines recognize achievement much more often. It was also pointed out that societies in other disciplines offer prizes that have corporate sponsorship.

The ECBT discussed the attached background information about AMS prizes and awards (Att. #13). It was noted that prizes and awards have been discussed on many occasions in recent years by the Committee on the Profession, which traditionally is the Committee that considers such matters and makes recommendations to the Council.

The ECBT voted to advise the Committee on the Profession that currently there is not any money available to create new prizes, and until such money is forthcoming, no new prizes can be created (although the possibility of dividing the money now available for existing prizes differently was not ruled out).

2.18 Introduction to Business Recovery Planning. Att. #14.

The ECBT was informed that, a few years ago, the Society's Rhode Island departments developed a business continuity plan, which is updated annually. During the most recent update, it became clear that members of the EC and BT might have a role in certain circumstances. Att. #14 is a portion of the plan, which includes some of its more general provisions and provides a sense of the how the plan is intended to work. In the future, a review of the business recovery plan will be part of the orientation of EC and BT members.

2.19 Focused Planning on Membership.

This item was moved to the executive session. See item 2E.6.

2.20 2004 ABC and ECBT Meetings.

The ECBT approved the following dates and sites for 2004 ABC and ECBT meetings:

ABC	March 26, 2004 (Friday)	by conference call
ECBT	May 21-22, 2004 (Friday-Saturday)	Ann Arbor, Michigan
ABC	October 8, 2004 (Friday)	Providence, Rhode Island
ECBT	November 19-20, 2004 (Friday-Saturday)	Providence, Rhode Island

It was noted that the members of the Agenda and Budget Committee (ABC) in 2004 will be: Conway, Daverman, Eisenbud, Franks, and McClure.

**2C EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES
CONSENT ITEMS**

2C.1 November 2002 ECBT Meeting.

The ECBT approved the minutes of the meeting of the Executive Committee and Board of Trustees held November 22-23, 2002, in Providence, Rhode Island, which had been distributed separately. These minutes include:

- ECBT open minutes prepared by the Secretary of the Society,
- ECBT "open" executive session minutes prepared by the Secretary of the Society,
- BT closed executive session minutes prepared by the Secretary of the Board.

**2I EXECUTIVE COMMITTEE AND BOARD OF TRUSTEES
INFORMATION ITEMS**

2I.1 Schoenfeld/Mitchell Bequest. Att. #30.

During 2002, the Society was notified that it was generously recognized in the will of Professor Lowell Schoenfeld. Professor Schoenfeld (SUNY, Buffalo) was predeceased by his wife, Professor Josephine Mitchell, who was also a mathematician. The estate includes her assets, and the Society was informed that he incorporated her desires into his estate distributions. The November 2002 BT agreed to accept the bequest as an endowment with no restrictions as to the use of its income. The size of this bequest exceeds \$500,000.

As is the custom for bequests of this size, a portion of the gardens at the Society's headquarters has been named in honor of the donors. The dedication ceremony was held on May 16, 2003; Executive Director Ewing's tribute to Professors Mitchell and Schoenfeld is attached (#30).

2I.2 Report on AAAS Meeting. Att. #19.

A report on the AMS-supported activities at the 2003 annual meeting of the American Association for the Advancement of Science (AAAS) is attached (#19).

2I.3 AAAS-AMS Mass Media Fellowship.

The AMS will sponsor one fellow in the summer of 2003. Claudia Clark, a mathematics graduate student at Northeastern University, will spend her fellowship summer at the *Voice of America*.

2I.4 Electronic Balloting in AMS Elections.

The AMS Bylaws were recently amended to permit the AMS to offer its members the option of voting online. The January 2003 Council was informed of the Secretary's plan to add this voting option for the 2003 elections. During February and March Associate Executive Director Maxwell solicited and evaluated proposals from three companies with experience in administering professional society elections of the hybrid variety; that is, elections that incorporate both the traditional paper ballot and an option to vote online. The Executive Director and the Secretary approved Maxwell's recommendation that the AMS use the services of Survey and Ballot Systems, Eden Prairie, Minnesota, for the fall 2003 election. (This is the company that has successfully handled the previous three elections of the American Physical Society.) This fall's election will occur within the standard time frame, September to very early November. It is anticipated that approximately 20,000 AMS members will receive their voting instructions via email with the remaining receiving the traditional paper ballot. Those receiving a paper ballot will still have the option of casting their vote online.

2I.5 2003-2004 AMS Centennial Fellowships.

The AMS Centennial Fellowship Committee has announced fellowship awards granted to Henry H. Kim (University of Toronto) and John E. Meier (Lafayette College). Both have accepted. The amount of each 2003-2004 fellowship award is \$57,000, with an additional expense allowance of \$1,600.

2I.6 Report on Awards from Epsilon Fund for Young Scholars Programs. Att. #20.

The Young Scholars Awards Committee, chaired by Joel Spencer, met in Providence on February 7, 2003 to evaluate eight applications for support from the Society's Epsilon Fund. A total of \$80,000 was available for awards for young scholars programs in the summer of 2003, the fourth year of this AMS program. \$15,000 had already been committed to two programs given two-year awards in the 2002 evaluation cycle. Six additional programs were selected for awards ranging from \$5000 to \$15,000. The programs funded for summer 2003 are listed in Att. #20.

2I.7 AAS-AMS-APS Public Service Award.

This item was moved into executive session. See item 1E.4.

2I.8 State of the AMS. Att. #28.

The Executive Director's annual report to the spring Council is attached (#28).

2I.9 ECBT Nominating Committee. Att. #21.

The charge to the ECBT Nominating Committee (ENC) is attached (#21).

The members of the 2003 ENC are: John Conway (Chair), Robert Fossum, and David Morrison. The Committee's task will consist of recommendations regarding whether the following officers, whose terms expire on January 31, 2005, should be reappointed:

Secretary: Robert Daverman

Associate Secretary (Eastern Section): Lesley Sibner

Treasurer: John Franks

Associate Treasurer: Donald McClure

John Bryant, Associate Secretary for the Southeastern Section, has already made it known that he wishes not to be reappointed, and a Search Committee has been named.

The ENC should have a report for consideration by the November 2003 ECBT for submission to the January 2004 Council.

It is noted that the Council wishes that a review by the ENC of officers who are being recommended for reappointment be part of the appointment process. The ENC should decide how it wishes to present this review to the Council.

2I.10 Actions of the Agenda and Budget Committee (ABC).

At its March 21, 2003 meeting by conference call, the ABC took the following action:

The ABC set the schedule for the May 2003 ECBT meeting and decided there should be an ECBT discussion session on *Focused Planning for Membership*.

3 BOARD OF TRUSTEES ACTION/DISCUSSION ITEMS
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3.1 Audit Committee Meeting. Att. #22 & Att. #31.

The Audit Committee was expanded to include all members of the Board of Trustees for the current meeting.

Att. #22 contains the charge to the Audit Committee, as well information about the responsibilities of an Audit Committee and the kinds of issues and information to discuss with auditors. A draft of the audited 2002 financial statements had been sent separately prior to this meeting.

The Committee received an oral report on the 2002 audit from Chris Brathas (Senior Manager) and Steve Caron (Partner) from the auditing firm of KPMG. Staff members were then excused from the meeting, and the Committee met privately with Brathas and Caron (see the BT closed executive session minutes prepared by the Secretary of the Board for a report on this private session).

The Committee voted to accept the audited financial statements for 2002 (Att. #31), and agreed to engage KPMG to perform the 2003 audit (staff will negotiate the fee).

3.2 Discussion of Fiscal Reports.

The BT received and discussed various fiscal reports. Approval of the 2004 budget will be requested at the November 2003 ECBT meeting.

3.3 Capital Expenditures - 2004 Capital Purchase Plan.

The BT received a report on the 2004 capital purchase plan.

3.3.1 Capital Expenditures - Approval of Specific Purchases.

This agenda item is reserved for requests for authorization to make specific large purchases (items costing \$100,000 or more). No such requests were made at this meeting.

3.4 Investment Committee Report.

The Investment Committee met on May 16, 2003. The Chair of the Committee, John Franks, reported on the meeting as follows: The current status of investments was reviewed, and it has slightly improved. The bulk of the meeting was spent discussing asset allocation policies. It was decided that staff would prepare an in depth discussion of asset allocation for the October 2003 Investment Committee meeting. It was noted that there should be a category of "other" or "alternative" and that it would be appropriate to include real estate investment trusts (REITs) in that category.

3.5 Short-term Investments. Att. #23.

The BT received the attached report summarizing the Society's cash management policies and short-term investment performance during 2002 (Att. #23).

3.6 Economic Stabilization Fund Increment.

The BT was informed that, during 2002, a total of \$3,500,000 was added to the base portion of the Economic Stabilization Fund (ESF). However, market losses incurred by the long-term investment portfolio resulted in a net increase to the base portion of the ESF of only \$630,091 and a decrease in the supplemental portion of the ESF of \$2,242,357. The reduction in the supplemental portion of the ESF includes the effects of using \$608,000 in spendable income to support operations in 2002. Additions to the base or supplemental portions of the ESF in 2003 are not contemplated at this time.

3.7 Trustee Reports on Divisions.

Section VI (Report on Projects and Activities) of the 2002 Operating Plan had been sent to the BT separately, and each Trustee reported on the Division(s) with which he or she has

liaison. The Trustees were favorably impressed with the activities of every division and were in agreement that things are going very smoothly.

Now that the 2002 Operating Plan is complete, a copy of it is attached to the record copies of these minutes (Att. #32).

3.8 Meeting of MR, Inc. KISTER.

In 1983, when the building that currently houses Math Reviews was purchased, a Michigan non-profit corporation was formed in order to obtain exemption from local property taxes in Ann Arbor and from sales and use taxes in Michigan. In order to maintain these exemptions, the corporation (MR, Inc.) must be maintained by holding an annual meeting at which the Officers and Directors of the corporation are elected.

The meeting of the AMS Board of Trustees was therefore temporarily adjourned so that the AMS Trustees could convene as the Board of Directors of MR, Inc.

The Board of Directors of MR, Inc. elected the following officers:

President of the Corporation:	Eric M. Friedlander
Treasurer of the Corporation:	John M. Franks
Secretary of the Corporation:	Donald E. McClure
Directors of the Corporation:	John B. Conway
	David Eisenbud
	Linda Keen
	Jean Taylor
	Carol Wood

The meeting of the Board of Directors of MR, Inc. adjourned and the meeting of the AMS Board of Trustees reconvened.

3.9 Meetings of the Membership and Board of Directors of ICM-86.

The Society managed the meeting of the 1986 International Congress of Mathematicians. It organized a new corporation (ICM-86) for the purpose of holding the assets of the meeting, segregating accounts from regular AMS accounts, etc. After the business of the meeting was concluded, it was decided to keep the "shell" corporation alive, in case a separate corporation might be needed some time in the future. It was noted that the cost of dissolution would probably be greater than the cost of the annual corporate registration fees, etc., necessary to keep the corporation alive. There are no taxes or other costs involved.

The meeting of the AMS Board of Trustees was adjourned. The AMS Trustees then convened as the membership of ICM-86 and elected the following individuals to five-year terms on the Board of Directors of ICM-86:

Professor John B. Conway
Professor Linda Keen
Professor Donald E. McClure

Professor Jean E. Taylor
Professor Carol S. Wood

The meeting of the membership of ICM-86 then adjourned.

A meeting of the Board of Directors of ICM-86 was convened, and the following officers were elected:

Professor Eric M. Friedlander	Chair
Professor John M. Franks	Treasurer
Mr. Gary G. Brownell	Secretary

The meeting of the Board of Directors of ICM-86 adjourned. The meeting of the AMS Board of Trustees reconvened.

3C BOARD OF TRUSTEES CONSENT ITEMS

3C.1 Procedures for the Appeals for Discounted Subscriptions.

The BT approved the continued use of the following guidelines, for 2004, which staff follow in responding to appeals for discounted subscriptions. It was noted that, over the years, this method of obtaining discounts has been used less and less. In addition to the appeals process, the Society offers a National *Mathematical Reviews* Subscription Program (described at www.ams.org/bookstore/mathsciprice#2002) for institutions in the poorest countries. Institutions that do appeal are usually directed to a MathSci consortium if one is available; this is usually the best way for such institutions to meet their needs.

- Minimum price for MR Data Access Fee (DAF) of \$200 applicable to institutions in countries found in the two poorest World Bank country listing. Staff can provide this level of discount even if the country does not have a national DAF.
- The discounted price for MR DAF for domestic institutions would not be lower than the greater of 40% of a list price DAF or 40% of the institution's mathematical sciences serials budget, not to exceed regular list price for a DAF.
- The discounted price for MR DAF for non-domestic institutions not included in the first category above would not be lower than 40% of a DAF. To the extent possible, information about serials budgets would also be collected, and, if desired, staff would provide information on publishing activity at the institution.
- For MR derived products, allowable prices would be regular list price for paper, 50% of list for MathSciDisc (provided SilverPlatter goes along), and lowest published price for MathSciNet.
- For other AMS journals, the lowest allowable price would be marginal cost, applicable to the most desperate cases.

3C.2 Resolution for Retiree.

The BT approved the following resolution:

Be it resolved that the Trustees accept the retirement of Eberhard G. P. Gerlach with deep appreciation for his faithful service over a period of 31 years. The Board expresses its profound gratitude for this long record of faithful service. It is through the dedication and service of its employees that the Society is able to effectively serve its members and the greater mathematical community. The Trustees offer Eberhard their special thanks and heartfelt good wishes for a happy and well-deserved retirement.

3I BOARD OF TRUSTEES INFORMATION ITEMS

3I.1 Transfer from Operations to Temporarily Restricted Net Assets.

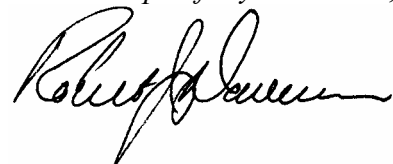
The long-term investment portfolio continued to suffer losses in 2002. Accordingly, some of the more recently created true endowment funds had allocated investment values that were less than the original gift amount. Generally accepted accounting principles and the laws of the District of Columbia require that an organization's operating funds transfer such amounts to true endowment funds to maintain the original gift amount. In 2002 and 2001, operations were charged with approximately \$146,600 and \$84,000, respectively, to make certain true endowment funds equal to their original gift amount. Should the allocated investment values of these funds improve in the future, operations may recoup these amounts.

3I.2 Changes in Fringe Benefits.

The November 1996 BT authorized the Executive Director to approve changes in benefit plans (except for those changes which would significantly enhance or degrade the Society's financial health or relations with its employees) and asked that these changes be reported to the Board of Trustees when appropriate.

There are no such changes to report at this meeting.

Respectfully submitted,



*Robert J. Daverman, Secretary
Knoxville, Tennessee
July 1, 2003*



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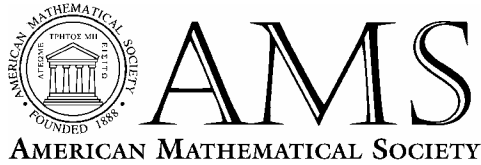
**SECRETARIAT
Business by Mail
December 1, 2002**

**MINUTES
from the Ballot dated November 1, 2002**

There were five votes cast by John L. Bryant, Robert Daverman, Susan Friedlander, Michel Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated October 20, 2002.
2. Approved holding a Southeastern Sectional Meeting on October 16-17, 2004, at Vanderbilt University in Nashville, Tennessee.
3. Approved holding a Western Sectional Meeting on October 16-17, 2004, at the University of New Mexico in Albuquerque, New Mexico.
4. Approved the minutes of the Secretariat Business by Mail from the ballot dated October 1, 2002.

Robert J. Daverman



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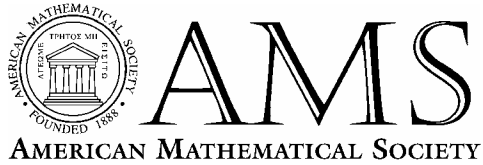
**SECRETARIAT
Business by Mail
January 2, 2003**

**MINUTES
from the Ballot dated December 1, 2002**

There were five votes cast by John L. Bryant, Robert Daverman, Susan Friedlander, Michel Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the enclosed list dated November 20, 2002.
2. Approved holding an Eastern Sectional Meeting on April 2-3, 2005, at the University of Delaware in Newark, Delaware.
3. Approved the minutes of the enclosed Secretariat Business by Mail from the ballot dated November 1, 2002.

Robert J. Daverman



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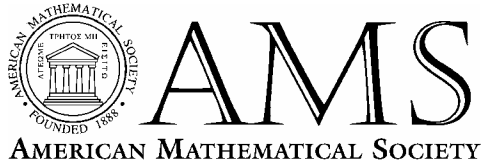
**SECRETARIAT
Business by Mail
February 3, 2003**

**MINUTES
from the Ballot dated January 2, 2003**

There were five votes cast by John L. Bryant, Robert Daverman, Susan Friedlander, Michel Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the enclosed list dated December 20, 2002.
2. Approved the minutes of the enclosed Secretariat Business by Mail from the ballot dated December 1, 2002.

Robert J. Daverman



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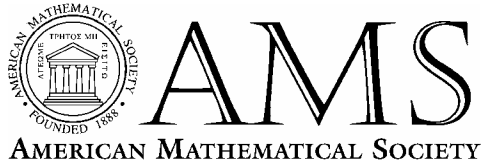
**SECRETARIAT
Business by Mail
March 3, 2003**

**MINUTES
from the Ballot dated February 3, 2003**

There were five votes cast by John L. Bryant, Robert Daverman, Susan Friedlander, Michel Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated January 20, 2003.
2. Approved holding a Central Sectional Meeting at Northwestern University in Evanston, IL, on October 23-24, 2004.
3. Approved the minutes of the Secretariat Business by Mail from the ballot dated January 2, 2003.

Robert J. Daverman



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**SECRETARIAT
Business by Mail
April 1, 2003**

**MINUTES
from the Ballot dated March 3, 2003**

There were five votes cast by John L. Bryant, Robert Daverman, Susan Friedlander, Michel Lapidus and Lesley Sibner.

1. Approved electing to membership the individuals named on the list dated February 20, 2003.
2. Approved holding the AMS Council meeting on January 5, 2005, in Atlanta, Georgia.
3. Approved the minutes of the Secretariat Business by Mail from the ballot dated February 3, 2003.

Robert J. Daverman

AMS Committee on Education
Report on activities since the October, 2002, meeting

Roger Howe was reappointed as Chair for 2003. The next CoE meeting will be held October 24-25, 2003, in Washington, DC.

Some activities since the last CoE report to ECBT:

* a CoE panel discussion was organized at the January 2003 Joint Mathematics Meetings in Baltimore entitled "Successfully recruiting mathematics majors", moderated by William McCallum;

* at their October 2002 meeting CoE had approved the endorsement of the principles on which the report, "MAA Guidelines for Programs and Departments in Undergraduate Mathematical Sciences", was based, and recommended that the AMS Council make a similar endorsement. This recommendation was approved at the January 2003 Council meeting;

* Hyman Bass attended the follow-up Math Education Summit in Washington DC on March 13;

* Roger Howe is forming an association review group (ARG) to provide feedback to MAA on their draft CUPM (Committee on the Undergraduate Program in Mathematics) report, "Undergraduate Programs and Courses in the Mathematical Sciences: A CUPM Curriculum Guide".

As requested by the ABC, a breakout of major CoE expenses follows:

	2002 Actual	2003 Budget
Mtg room & meals: 40 attendees	4,634	4,500
Travel/hotel (members - 1 meeting)	13,260	12,500
Travel/hotel (chair/representatives - at various times)	2,145	2,000
	20,039	19,000

Meeting expenses:

Committee on Education meetings are held in Washington, DC in fall, a time considered to be peak period in this city. The Committee on Science Policy meeting in spring suffers a similar, if not worse, fate. The meetings are much larger than other AMS policy committees. We regularly have 45-50 attendees. Higher attendance at CoE meetings has come about because it was felt that the briefings by agency, administration and congressional speakers, and the interactions with them during the meetings, are of value to a wider audience than only those committee members who attend (usually 12-15). Chairs and leaders of doctorate-granting departments are also invited to attend (about 10-15 usually accept) and although no travel support is provided, we do offer them meals. Added to the 10 or so speakers, and the standing list of 11 invitees from other

mathematical organizations and agencies, the result is a meal count of about 45 people, with correspondingly large numbers of incidental meeting expenses, such as number of copies of agenda and handouts, nametags, expanded audio-visual requirements. More importantly, the normal-size AMS Committee meeting room is insufficient for our needs and hotels used in the early years of CoE can no longer accommodate us. We require a large, square meeting room; in hotel terms, large enough for 70 people. Looking back at these committees before Washington Office staff took over support in 1996, it is clear that their meetings have evolved into much expanded, and different, events

Additional travel:

The chair (or a representative) of CoE is required to represent the Society at department and agency hearings, briefings, conferences and similar events, usually held in Washington. Travel for the chair to AMS Council and ECBT meetings is also charged to the CoE budget. In 2002 Roger Howe, Hyman Bass and Jane Hawkins traveled as CoE representatives to various events. The CoE speaker at the January 2002 Joint Mathematics Meetings (not an AMS member) was also offered travel support. The usual amount budgeted for chair/representative travel is \$1,500-2,000.

Samuel M. Rankin, III
Director, AMS Washington Office
April 2003

Committee on Meetings and Conferences **Highlights of 2003 meeting (March 29, 2003)**

Review of Committee Charge. CoMC approved a revised Committee charge listing the most up to date Review Activity List. This updated charge will be sent to the Council for formal approval.

Report of the Secretariat. AMS Secretary Robert Daverman gave a report of the March 28 Secretariat meeting. CoMC approved the following recommendations of the Secretariat:

1. It is highly desirable (but not mandatory) to avoid sectional meetings on the same weekend.
2. At the JMM, drop the 3rd Colloquium and have the CoMC 2004 review committee make a recommendation on what to do with the third slot.
3. Continue with the “Special” Special Session on Mathematical Current Events at the JMM for another year and attempt to standardize the Session for future years.

Report of the Subcommittee to Review Sectional Meetings. This subcommittee was composed of Irene Fonseca (Chair), Richard Randell and Craig Huneke. As part of the review on sectionals, the committee collected materials from the Notices, Meetings Web pages, the Sectional Program books, Instructions from the Associate Secretaries and a survey sent to Special Session Sectional Organizers from the 2001 Sectionals. The subcommittee found that the AMS Sectionals are valuable and successful and that the AMS staff and Associate Secretaries do an excellent job in organizing and supporting the meetings. Participation by AMS members is vigorous. The subcommittee made several recommendations involving, diversity, especially gender diversity, young mathematicians, hour talks, activities with other organizations, and meeting mechanics.

CoMC approved the following recommendations:

1. Diversity: Collect data regarding various forms of participant diversity at Sectional Meetings by changing the Sectional registration form to allow for the participants to voluntarily mark off ethnic diversity.
2. Hour Talks: Re-emphasize in the invitation to invited speakers that they or someone of their choosing is encouraged to organize a related special session.
3. Hour Talks: The Sectional program Committee members should be again reminded that their main goal is to select speakers who will deliver high-quality talks with a commitment to gender diversity.

Report on the Baltimore Focus Group. Colin Adams moderated the CoMC Focus Group discussion on the following questions:

1. It is becoming more difficult to schedule events at National Meetings because there is not room or time for all activities proposed. If you had to eliminate elements from this meeting, what would you eliminate? What is essential?
2. At National Meetings, what social events do you attend? Why? Which work well and which do not? Do you have any suggestions for other type of social events?
3. The JMM program book provides listings of local restaurants and attractions. Are these useful? Should these be continued?

The comments and suggestions from the Focus group were discussed at the meeting during Colin's oral report. No formal CoMC action was taken on these suggestions.

Role of SIAM at future JMM. CoMC endorsed the current policy of having SIAM as part of the JMM.

Discussion of Focused Planning for Meetings for 2004. CoMC discussed the Focused Planning for 2004 and came up with ideas and areas to be looked at for future planning. A working subcommittee made up of Edward Barbeau, Susan Friedlander, Tepper Gill, Craig Huneke, and Irena Peeva will assist the MCD staff during this process.

Invited Address gender issues. There was a concern expressed at the 2002 CoMC meeting that there were not enough female invited speakers. The Secretary and President are aware of this and are working on the issue.

Other Informational Items. CoMC's topic for annual review for 2004 is to be the Special Lecture Series, Special Projects and Short Course. A subcommittee consisting of Colin Adams (Chair), Lesley Sibner and Tepper Gill will prepare a report on this topic for the next CoMC meeting. CoMC recommended that the questions raised by the Short Course chair be a part of the review with the added question of "is the short course meeting the needs of the members of the AMS and doing what it is supposed to do?"

CoMC will host a focus group at the Phoenix meeting scheduled tentatively for Thursday morning, January 8, 2004, 7-9 am. Paul Zorn tentatively agreed to moderate the focus group.

The next meeting of the committee is scheduled for the AMS office in Providence, RI on April 24, 2004.

Jim Maxwell
Associate Executive Director
April 2003

AMS Committee on Science Policy Report on meeting held April 11-12, 2003, Washington DC

Scheduled immediately before the AMS Council meeting, whose members and invitees were also invited to attend CSP, the event drew forty-eight attendees, including ten chairs of doctorate-granting departments of mathematics, and the usual broad selection of Washington-based speakers.

Scheduled as usual at an early stage of deliberations that will determine the following year's appropriations, the meeting offered briefings by Congressional and Administration insiders on prospects for overall science funding in the FY 2004 budget, and also discussions with funding agencies on how federal funding is distributed to mathematics. New this year was a presentation on the recently-created Department of Homeland Security.

The meeting began with an opportunity for a free-flowing discussion of policy issues of current concern. Proposed for discussion: distribution of funding from NSF, to what extent funding for institutes may be taking away funds from principal investigators, and current visa difficulties. The first item was addressed later in DMS Director William Rundell's session, and again in subsequent discussions. Concerns about current visa difficulties for non-U.S. graduate students and faculty were discussed, with John Ewing noting that, despite anecdotal reports, an AMS survey conducted in fall of 2003 had not shown that departments did not consider the situation worse now than it has traditionally been. CSP members had a chance later in the meeting to convey their concerns about visas to Holly Dockery, representing the newly-created Department of Homeland Security.

Highlights from sessions with Congressional and Administration visitors:

Allen Cutler, Professional Staff, Senate Appropriations Subcommittee on VA, HUD and Independent Agencies, reported uncertainty in the FY 2004 appropriations process. Because of the unusually late wrap-up of the FY 2003 budget in February, the President's request for FY 2004 was based on what was *requested* for 2003. The '04 budget resolution was in conference as Cutler spoke, causing the last-minute cancellation at the CSP meeting of his House counterpart, Michael Stephens. There was no number yet for total discretionary funds divided among the appropriations committees. National Science Foundation and NASA reside in the same piece of the budget pie as Veterans (a priority now because of the Iraq war) and HUD, and there would be additional pressure because of the uncertain state of the economy and Bush's tax cuts. The Appropriations Subcommittee hearing on the NSF FY 2004 budget was held the previous week and Cutler felt there was support in the Subcommittee and the full Committee for increasing the NSF budget. Appropriators were following the recent PCAST report and were aware of the need to bring the rest of the sciences in line with the bio-medical sciences. Although Cutler did not think NSF would get a double digit increase in line with the 2002 NSF Authorization Bill, he recommended that mathematicians try to get a statement in their Member's request letters urging the appropriators to follow the authorization in order to help them make their arguments for increased NSF funding.

David Trinkle, Office of Management and Budget, substituted at the last minute for the scheduled speaker (David Radzanowski). Trinkle is OMB's principal analyst for R&D and this year became its NSF examiner. The FY 2005 budget process has already begun for OMB, and agencies such as NSF are discussing the requests they will submit in September. When their requests are subsequently "passed back", agencies can appeal OMB's assessment. A resolution is usually arrived at by early December. The President will present his FY 2005 budget request in February 2004, whereupon Congress will begin its appropriations process, aiming at producing a budget before the fiscal year begins in October (which almost never happens). Agreeing with Cutler about the current uncertainty, Trinkle noted that the FY 2004 budget request came out before the FY 2003 appropriations were built (apart from DoD), so comparisons to the '03 actual budget could not be made. In running over some FY 2004 R&D budget numbers, Trinkle noted that an "R&D budget" is an illusion, being the sum of many parts across agencies. OMB cannot track the numbers but compiles them from agency submissions. OMB took a National Academy recommendation to track core research investments that, although imperfect, helps to understand what effect a decision might have on a particular portfolio. In line with Bush Administration concerns, OMB developed a management agenda for FY 2003 to assess how well programs were managed. NSF again earned more "green lights" (i.e. good ratings) than other agencies for program effectiveness. OMB recognized the difficulties of assessing basic research and ended up examining how well a project was managed. Asked how OMB considers finer details of an agency's budget, such as mathematics, Trinkle said OMB did not delve too deeply, but there was currently a mathematics and science education priority.

James Turner, Chief Counsel, Minority Staff, House Committee on Science (an authorizing committee), echoed the feeling of uncertainty on the Hill about the FY 2004 appropriations, and gave his predictions on how the process might play out. Although one party controls the White House, the House and the Senate, the margins are so close that votes are tough, hence there was no budget resolution for FY 2003 and Turner noted that day's rare Saturday session was trying to work out whether Congress can get a budget resolution for FY 2004. Turner predicted that the tax cuts will be a time bomb, creating increased pressure on discretionary spending for the next ten years. A "new kid on the block" vying for federal funds is the new Department of Homeland Security, which has a research component of over \$1 billion. Turner felt that the attitude in Congress towards science and technology has never been better, but it was very important to make mathematical voices heard repeatedly -- both in Washington, and, more effectively, in the home districts where there is a better chance to meet Members themselves in local settings (often in universities that are the largest employers in the district). He reminded CSP that Members of Congress do not deal well with numbers and facts, but are more receptive to anecdotes about the value of mathematical research funded by taxpayers. Turner considers that the science community is in a much stronger position than it was ten years ago, because it has evolved into a much more professional and visible group, with a good understanding of how Members of Congress work. He felt the AMS Congressional Lunch Briefings are an incredibly valuable resource that pay big dividends. With regard to FY 2004 appropriations, Turner felt that NSF would do better than in FY 2003, but nowhere near the science community's target for doubling the budget. However, he recommended that we continue to use the "doubling message" as an effective tool.

Highlights from sessions with funding agency representatives:

William Rundell, Director of the Division of Mathematical Sciences, National Science Foundation, noted that NSF, and DMS in particular, were currently “flying high”, in no small part because of the hard work of supporters of the agency, who provided opportunities for interactions with appropriators such as these CSP meetings. Rundell felt the community has been successful in pointing out the mathematical interface with other disciplines, but noted the danger of allowing the mathematics research underpinning many discoveries to become just a footnote in history.

Rundell asked, “What is the correct size for the mathematical sciences community?” Given that the bulk of support comes from one agency (63.8 percent of federal support for academic research in mathematics comes from NSF), what should the budget be for the DMS? Arguing from the premise that mathematics needs more money because the discipline needs more people, Rundell offered two methods of arriving at a target budget, both arriving at around \$450 million. The argument to increase the number of supported principal investigators to 3,000, with an average grant size of \$125,000, was one that found favor with CSP. Rundell suggested that the mathematical community make a statement that within a very short time— say, five years—the profession can, and will, double the number of undergraduates going on to graduate study in mathematics (he advised against the use of “majors”). There was discussion of graduate student stipends, and the highly concentrated nature of the discipline (his examples: 26 percent of new PhD’s got their undergraduate degrees from the top 25 mathematics departments, and 50 percent of DMS funding goes to 23 departments). About the VIGRE program, Rundell said the community may have doubts about it, but we should “buy stock in it” because other Directorates are trying to copy the program. He noted that as a follow-on from VIGRE, a May 9-10 conference would showcase DMS programs.

This session led to an expanded discussion later in the meeting. It was felt that, with the change of DMS Director, the time was right to once more express the concerns of the mathematical community for increased support for principal investigators, and John Ewing agreed to talk with Rundell to express the committee’s support for his argument to increase their number and grant size, and to offer to work with him to achieve his target of increasing the pipeline in mathematics.

Holly Dockery, Director, Standards/State and Local/Foreign Interactions, Science and Technology Directorate, Department of Homeland Security (for Maureen McCarthy) reported that this Department came into existence March 1, with a proposed budget of \$800 million, to synthesize many pre-existing activities and integrate the nation’s abilities to reduce vulnerability to terrorism. Dockery anticipated the Science and Technology Directorate would consist of about 140 people, mostly from defense agencies. The head, Charles McCreary, a former defense industry executive, was to be confirmed that week. The S&T Directorate would be very applications-oriented, charged to “conduct, stimulate and enable research development, testing, evaluation and timely transition of homeland security capabilities to federal, state and local operational end users.” [Note: After the meeting, McCreary announced a \$10 million fellowship program and an academic center dedicated to homeland security research.] Asked

about interaction of DHS with the National Security Agency, Dockery surprised CSP members by admitting she was not familiar with NSA activities. Concerns within the mathematical community about problems obtaining visas for non-US graduate students and faculty were discussed with Dockery, who told the meeting that an Office of Citizenship within the Department would work with visa issues. There was recognition of a need at the Secretarial level to deal with substantive visa issues, and of the importance of the free flow of ideas that the Department does not want to impede. It was suggested to Dockery that there was a need for DHS to monitor the effects of its visa policies on the sciences.

Douglas Cochran, Defense Advanced Research Projects Agency, gave an overview of DARPA's relationship to other defense agencies (AFOSR, ARO, ONR). DARPA did reasonably well in the FY 2003 budget, although may have to pay some back because of the Iraq war. An initiative-driven agency, DARPA does not fund long-term research (most initiatives last 2-5 years), funds teams instead of single investigators, and has traditionally had a good working relationship with NSF. Cochran would like to initiate a core mathematics initiative in this very applications-oriented agency, with a focused sequence in pure mathematics. Cochran noted that Lewis Auslander, in his term at DARPA, had achieved recognition of the need to include mathematicians, and that currently they are in great demand by other sciences for their teams. Cochran urged the mathematical community to encourage high-quality people to serve in DoD agencies in order to promote the interests of mathematics.

Sessions concerning graduate education:

Brandy Silverman, Department of Education, was invited to this meeting to discuss the Graduate Assistance in Areas of National Need (GAANN) program. Attendees took the opportunity to discuss details of this program, which obviously impacts many departments.

James Lightbourne, Education and Human Resources Directorate, NSF, also reported on graduate education, and generated a debate on graduate stipend levels mandated by Congress (\$27,500 in 2003, scheduled to increase to \$30,000 in 2004) and the stress they place on institutions. Lightbourne noted that the overall "people" budget at NSF had decreased, with EHR funding remaining fairly flat in 2003 (an increase of 3.2 percent, compared with 10.8 percent for NSF overall). The big increase within EHR in 2003 was for Congressionally-mandated programs such as STEM (Science, Technology, Engineering and Mathematics), for which NSF had requested \$3 million but had been allocated \$22 million by Congress.

Carnegie Initiative on the Doctorate. A panel discussion on Saturday rounded out this meeting's focus on graduate education. David Morrison, Duke University, Robert Fossum, University of Illinois, Urbana-Champaign, and Jane Hawkins, University of North Carolina, Chapel Hill, discussed their departments' experiences as "partner departments" in this project designed to study doctoral education in the U.S., and perhaps promote change. Mathematics was chosen as one of six disciplines for Carnegie's pilot project. Their experiences, and policy issues arising from this potentially influential program, were discussed, including possible agendas for change, difficulties of defining "attrition", and calculating time-to-degree. The discussion was to be continued in the Council meeting immediately following the CSP meeting.

Other sessions:

AMS Washington Office

Sam Rankin, Director of the AMS Washington Office, outlined some recent events he had organized to bring mathematicians into contact with Congressional circles, and to work with other scientific societies to make the concerns of the scientific and mathematical communities much more visible on Capitol Hill. He noted that AMS President David Eisenbud had recently testified before the House Appropriations Subcommittee on VA, HUD and Independent Agencies, on behalf of the NSF FY 2004 budget.

CSP Activities at the Joint Mathematics Meeting, January 2004, Phoenix

CSP agreed to invite the new Assistant Director of NSF's Mathematical and Physical Sciences Directorate (when named) to speak in their Government Speaker slot, usually co-sponsored with MAA. A backup speaker was also agreed upon. For the CSP panel slot, the topic of the pipeline in mathematics was approved, with a chair to be appointed later.

Next meeting

CSP agreed to meet next in Washington DC on April 2-3, 2004.

Report submitted by
Monica Foulkes
AMS Washington Office
April 23, 2003

Report requested by ABC on CSP budget:

2002 Actuals	
Meeting room and meals	\$5,927
Travel - CSP members (meeting)	5,305
Travel (chair to other events)	717
Reception (speaker, San Diego mtg)	2,441
	14,775
2003 Budget	
Meeting room and food	6,000
Travel (members and chair)	10,000
	16,000

Because the briefings at CSP meetings are of benefit to a wider audience than just the committee members in attendance (usually 12-15 members attend), invitations are sent to chairs/leaders of doctorate-granting departments. No travel support, but meals are supplied. Meals are also supplied to the invited speakers (usually about ten) so the usual lunch count is around 45, with coffee breaks for 20-40 people. In addition, twice in recent years the AMS Council, BT and invitees to the spring Council meeting have been invited to attend, which affects the meal count

and (importantly) the size of room required. Both CSP and CoE could not meet in the normal AMS committee meeting room, but require at least double the space (square room capable of holding a hollow square for 40-50, although we do not use a hollow-square setup). Meeting is held in spring (cherry blossom season) in Washington DC. A hotel that can offer a suitable meeting room and meal arrangement usually charges \$350 per day for the meeting room, and close to \$200 per night for sleeping rooms (including breakfast).

CSP chair/representative travel includes attendance at Washington hearings, briefings, and events such as the annual Congressional Visits Day, as needed to provide visibility for mathematics and opportunities to express the concerns of the mathematical community during the federal budget season and at other critical times, and also travel to AMS Council and ECBT meetings.

**Washington Office
Report to ECBT
April 10, 2003**

In December 2002, the Congress and the President signed the NSF Authorization Act. Hyman Bass, President of the AMS at that time, attended the White House signing ceremony. This Act represents a major milestone for the NSF and the scientific community, because it authorizes raising the NSF budget from its FY 2002 level of approximately \$4.8 billion to \$9.8 billion by FY 2007. The Act authorizes an NSF budget of \$6.39 billion for FY 2004. However, the President's FY 2004 budget request gives NSF only \$5.48 billion, only a 3.2 percent increase over the FY 2003 NSF appropriation of \$5.31 billion.

From November 2002 to February of this year the Washington Office concentrated on FY 2003 appropriations for the Division of Mathematical Sciences (DMS). As you recall, the House VA-HUD appropriations subcommittee allocated \$181,870,000 for the FY 2003 DMS budget – the same budget level as in the President's request. The Senate, on the other hand, had reduced this amount by \$20 million. We spent the late fall and winter working to maintain the \$181,870,000 budget level for the DMS. Sam Rankin contacted several mathematicians in states with senators and/or representatives on the House or Senate VA-HUD subcommittee, asking them to write letters to their senators and/or representative to request that the DMS budget be given an allocation of \$181,870,000. During this period, Sam met with House and Senate VA-HUD subcommittee staff, presenting a case for the requested DMS budget level. Rankin also arranged a meeting in December with Kathy Olson, of the Office of Management and Budget, attended by Hyman Bass and John Ewing.

Our campaign must have had some effect since the FY 2003 Omnibus Appropriations bill finally passed into law in February, contained language that the Division of Mathematical Sciences should be budgeted at the level of \$179,617,000. After a 0.6 percent across-the-board cut mandated in the bill, the DMS will receive approximately \$178,450,000 for FY 2003. It is gratifying to achieve this budget level after so many people worked to convince the lawmakers that mathematics needed their support.

The Washington Office also worked very hard to ensure that the NSF received a substantial overall budget increase for FY 2003. In the end, the FY 2003 NSF budget was appropriated a 10.87 percent increase over FY 2002, and a 7 percent increase over the President's FY 2003 request, minus the budget transfers.

Once the FY 2003 appropriations were out of the way the Administration and the 108th Congress began directing attention toward the FY 2004 budget (as well as the looming war in Iraq). The President's FY 2004 budget request for the DMS is \$201,870,000 -- a 13.1 percent increase over the FY 2003 approximated working budget plan. In an effort to circumvent any reduction in this amount by either the House or Senate VA-HUD-IA subcommittee, we issued an alert to the AMS government contact group and the Committee on Science Policy, asking that letters be sent to their senators and representatives, urging them to contact the House and Senate VA-HUD-IA subcommittees and request that the DMS budget be at least \$201,870,000 for FY 2004.

During Congressional Visits Day events on April 2-3, 2003 (the annual event where over 150 scientists, engineers, and mathematicians come to Washington to advocate for science), Sam arranged the participation of two mathematicians: Leon Hall, University of Missouri-Rolla, and Peter March, Ohio State University. The three visited Members of the Ohio and Missouri delegations, asking them to support a DMS budget of at least \$201,870,000. These states were targeted because Senator Bond of Missouri is chair of the Senate VA-HUD-IA subcommittee, and Senator DeWine of Ohio is a member of

that subcommittee. Representative Hobson of Ohio is on the House appropriations VA-HUD-IA subcommittee.

Sam was part of the organizing committee for this year's Congressional Visits Day, helping to develop a panel with representatives from the Office of Science and Technology Policy, the House Committee on Science, and Senator Frist's Majority Leader's office. Sam served as moderator for the panel.

On the same day that Leon, Peter, and Sam were making visits to congressional offices, the Senate appropriations VA-HUD-IA committee held a hearing on the President's proposed NSF budget. Chairman Bond and minority leader Mikulski stated their dissatisfaction with the President's FY 2004 budget request for NSF, and grilled NSF director Rita Colwell about this. Senators Bond and Mikulski continue their avid support for the NSF, as do Congressmen Walsh and Mollohan, chair and minority leader of the House appropriations VA-HUD-IA subcommittee. Congressman Vern Ehlers is currently developing a "Dear Colleague" letter to be signed by Members and sent to the VA-HUD-IA subcommittee, asking that the FY 2004 NSF budget be set at \$6.39 billion (the authorized amount).

Several staff changes have taken place in the House and Senate appropriations VA-HUD-IA subcommittees. In order to develop a connection with new staff, Sam hosted a luncheon meeting with Dena Baron and several scientific society representatives. Dena will oversee the NSF budget for the House VA-HUD subcommittee. Although Dena has staffed the subcommittee for several years, overseeing the NSF is a new responsibility.

On the Senate side, Allen Cutler will oversee the NSF. Sam has interacted with Allen for several years, when he was on the staff of the Senate Budget Committee. In fact, Allen made a presentation at the 2001 CSP meeting on the congressional budget process. Allen will also make a presentation at this year's CSP meeting, giving his perspectives on the Senate FY 2004 appropriations process. Sam also recently participated in a luncheon meeting with Allen and Cheh Kim, senior staffer for the Senate appropriations VA-HUD-IA subcommittee, to discuss the outlook for FY 2004 appropriations.

This year's Committee on Science Policy meeting will take place April 11-12, and Washington Office are preparing a full agenda. Sam has several key congressional staff participating, including Mike Stephens, House appropriations VA-HUD-IA subcommittee; Jim Turner, House Committee on Science; Allen Cutler, Senate appropriations VA-HUD-IA subcommittee; as well as Maureen McCarthy, Department of Homeland Security, Brandy Silverman, Department of Education, David Radzanowski, Office of Management and Budget, Bill Rundell of NSF, and Doug Cochran of the Defense Advanced Research Projects Agency

In his role as chair of the Coalition for National Science Funding (CNSF), Sam recently organized the production of a brochure that illustrates the research and education supported by the NSF. This brochure took several months of work and coordination by Sam and other CNSF members. Future research and education opportunities are accented along with recent accomplishments. The brochure is professionally designed, extremely eye appealing, and will be sent to every Member of Congress. A copy of the brochure is also available at the CNSF website: www.cnsfweb.org.

The FY 2004 appropriations process looks to be an interesting one. Even though support for science research and education remains strong, the war with Iraq, the bad economy, and budget deficits, may curtail any enthusiasm for large increases in agencies' science budgets. The NSF, especially, has enjoyed large increases over the last several years, and it may be harder to maintain double digit increases in the current environment.

Other activities:

For CSP activities at the January 2003 Baltimore mathematics meetings, Rankin arranged a “town meeting” with William Rundell, new director of NSF Division of Mathematical Sciences, which drew a good attendance. The annual chairs workshop at the Baltimore meeting was also organized by the Washington Office.

Sam continues to be involved with organizing AMS-MER NSF-supported workshops on enhancing undergraduate mathematics. The latest workshop, held in March at Ithaca College, was titled “Mathematics for Teachers and Mathematics for Teaching”. The workshop was a success.

Over the last several months Sam has been participating in meetings held by the assistant to the Secretary of the Department of Education, with the aim of organizing events related to the Secretary’s current initiative in K-12 mathematics education. Roger Howe and Hyman Bass have attended these events.

Our annual breakfast for secondary teachers of mathematics who receive Presidential Awards for Excellence in Mathematics and Science Teaching was organized March 19, along with an AMS table at the information exchange organized for scientific societies the same day.

Work continues on the 2003 Public Service Awards (awardees to be announced later), and the 2003 AAAS-AMS Mass Media Fellow.

Submitted: Samuel M. Rankin, III
Director, AMS Washington Office

Report of AMS President David Eisenbud to the ECBT May 2003

I want to highlight a few things I've been engaged in that I think will affect the AMS and the Mathematical community in the future. I'm open to (indeed, eager for) discussion during my presentation, or afterwards, as seems best.

I'll add a couple of reflections on issues where I think some effective action could be valuable, but where I really don't have a good idea of what it should be. We may only get to a subset of these in my oral presentation, but I invite your comments on all of them!

1. ACTIVITIES

a. Committee Assignments: If the most important presidential activity is the one to which the most hours are given, it may be that appointing committees is it. Except for the people appointed by the Nominating Committee to run for office, and those appointed by the Editorial Boards Committee, the President has responsibility for renewing the forces that make the AMS work. There is a constant need for good NEW members, and I'd appreciate suggestions and help from this group! Are there capable youngsters (relative term!) in your department who might be interested in serving? Often the right point of a career to start this is late Assistant Prof or early Associate Prof. Please suggest people you think would be good, to me or to Bob Daverman, who organizes this whole activity and helps immeasurably.

b. Current Events: Last January in Baltimore I organized a "Special Session on Current Events in Mathematics" which had four expository lectures, two of which were aimed at the mathematics of the two 2002 Fields Medalists:

Michael J Hopkins: *Homotopy Theory of Schemes*.

Ingrid Daubechies: *Sublinear algorithms for sparse approximations with excellent odds*.

Edward Frenkel: *Recent advances in the Langlands Program*.

Daniel Tataru: *The wave maps equation*

I'd very much appreciate this committees thought both on the organization of this event and on topics for the next one, to be held at the Phoenix meeting in January 04.

c. BMSA: Chair's Colloquium? I've been a member of the Board on Mathematical Sciences (which added "and their applications" to its name during my term) of the NRC for the last four years. One of the most visible things the Board has done is to organize an annual Department Chairs' Colloquium, funded by the NSF. Recently Bill Rundell decided not to continue funding this event in its current form, and the BMSA asked the AMS whether it would join forces in some new venture of this type. John Ewing, Sam

Rankin, and I discussed this and decided that a good alternative would be to strengthen the participation of the Chairs in part of the annual CSP meeting, and to prepend an afternoon of special Chairs' events to that meeting. This is scheduled for further discussion with the BMSA's Chair, Peter Bickel and Director, Scott Weidman. I'd be interested in knowing the ECBT's thoughts on this!

d. Banff, ARCC, and their effect on the AMS/SIAM Joint Summer Research

Conferences: I had the pleasure (as MSRI Director) of attending the Gala opening of the Banff International Research Station in the Mathematical Sciences (BIRS) at the end of February, and the pleasure (as mathematician) of attending one of the first meetings there. BIRS (40+ conferences/year) is the larger of two new centers for meetings that the NSF and NSERC have established in North America; the other is the AIM Research Conference Center (ARCC)---it plans to grow to 24 conferences/year. Despite this, I feel that there are some important niches unfilled, where the AMS could keep a major presence in this field -- an example is the three week long Summer Research Institute format. A new grant application, by AMS/SIAM, for such conferences will be made in the next year or so (or not!); discussion and thought is required to position the society well in this.

2. REFLECTIONS

a. Graduate Education - is there anything to discuss? The discussion of graduate education at the Washington Council meeting had some interesting moments; but many people seemed to prefer to talk about K-12 education instead. Is there anything to discuss? Are there activities that the AMS might institute? Should we encourage a column in the Notices on experiments that Graduate programs are making (in connection with VIGRE or the Carnegie Initiative)? Should we try to start a workshop for graduate advisors parallel to the Chair's workshop at the Annual Winter Meeting (this is different from the BMSA workshop mentioned above!)

b. Vanity Mathematics Publishing - should/can something be done to diminish it? I often get requests for papers for a Proceedings Volume associated with conferences I go to. I refuse whenever it's not wildly impolite, because I feel that papers worth writing are worth putting into the journal literature. These conference proceedings, which are often sold for \$250 and are bought by VERY few libraries, might be harmless except that they attract some useful papers away from the generally available literature and waste (a few) library budgets. Should the AMS take a stand of some kind? Should I try to encourage a *Notices* op ed piece?

Joint Policy Board for Mathematics

*April 10, 2003
Washington, DC*

AGENDA

- | | |
|-------------------------|--|
| 8:30 a.m. - 9:00 a.m. | Continental Breakfast |
| 9:00 a.m. - 9:45 a.m. | Washington Overview/ State of the Budget
Mark Marin, Lewis-Burke Associates
Sam Rankin, AMS Associate Executive Director |
| 9:45 a.m. - 10:30 a.m. | NSF/DMS
Guest: Bill Rundell, NSF/DMS |
| 10:30 a.m. - 11:00 a.m. | CUPM
Michael Pearson, MAA Director of Programs and Services |
| 11:00 a.m. - 11:30 a.m. | Student/Scholar Visa Backlog
Michael Ledford, Lewis-Burke Associates

1. Discuss issue and possible actions of JPBM societies |
| 11:30 a.m. - 12:30 p.m. | Math Digital Library and Related Topics

1. The MAA Mathematical Sciences Digital Library and the
Role of Math ML
Lang Moore, Duke University
2. SIAM's DS-Web: A Portal for the Dynamical Systems
Activity Group
Jim Crowley, SIAM Executive Director
3. The DML - Digitizing Legacy Materials
John Ewing, AMS Executive Director, and Jim Crowley |
| 12:30 p.m. - 1:30 p.m. | Lunch |
| 1:30 p.m. - 2:00 p.m. | Math Awareness Month
Jim Crowley

1. Selecting topic for 2004 MAM
2. Including other groups in the promotion of MAM |

2:30 p.m. - 3:00 p.m.

JPBM Communications Award

1. Establishing Selection Panel for 2004 Award

3:00 p.m. - 3:30 p.m.

NSF Opportunities Workshop
Bill Smith, ASA Executive Director, and Jim Crowley

1. Status Update

Guest Speakers:

1. William (Bill) Rundell is head of the Division of Mathematical Sciences at the National Science Foundation
2. Mark Marin and Michael Ledford are with Lewis-Burke Associates, which is employed by SIAM as part of its Washington activities.
3. Sam Rankin heads the Washington Office of the AMS.
4. Lawrence (Lang) Moore is an Associate Professor of Mathematics at Duke University and is Executive Editor of the Mathematical Sciences Digital Library (MathDL)
5. Michael Pearson is MAA's Director of Programs and Services
6. Bill Smith is the Executive Director of the ASA

The divine/RoweCom Collapse – An Update

The Executive Director notified the board early in January of the potential for subscription revenue shortfall due to the financial collapse of subscription agent, divine/RoweCom. At that time we had just begun the process of evaluating the financial impact of the situation and establishing a strategy for limiting our short-term and long term exposure. Our potential exposure at that time was estimated at \$340,000 in AMS product subscriptions and \$24,000 for subscriptions to sale of service journals. The Society's potential exposure has decreased significantly and continues to improve. As of April 11, 2003 our exposure is \$70,800, (\$11,700 in DAFs), and \$6,300 for subscriptions for sale of service journals.

In early January the Society announced its policy for dealing with subscribers who had paid divine/RoweCom for subscriptions that had not been passed to the AMS for processing. This policy recognizes both the importance of maintaining our strong relationship with the library community and preserving future subscription revenue. Following the public announcement of the policy we made initial contact with over 160 subscribers to determine the status of their 2003 renewals. The Society's official policy on the RoweCom matter states:

The American Mathematical Society will work individually with all institutions that paid for 2003 subscriptions to AMS products through Rowecom divine Information Service to ensure that institutions receive uninterrupted access to our publications and database products. If your institution will commit to subscribe to those same products for the following year, 2004, we will work with you to be certain you do not have to pay a second time for your 2003 subscription. As a scientific society as well as publisher, our mission is to provide a stable environment for the dissemination of scholarship and research. We believe this policy best reflects that mission.

Your commitment to subscribe in 2004 should be a good faith commitment. We hope that the money paid for subscriptions is recovered and eventually applied for its original purchase. If only a portion is recovered and returned to the institutions, we hope to receive a proportional share in return for our pledge of uninterrupted service.

Affected subscribers have not experienced any disruption in product delivery. In keeping with our policy the Society has agreed to service 66 subscriptions with a value of \$53,800. In addition, our SOS partners have agreed to follow AMS policy and will provide 30 subscriptions valued at \$6,300 to affected subscribers. There are only 20 subscribers, mostly foreign, that we have been unable to contact as of April 11th.

There have been many developments over the past months including the announcement in late January that EBSCO Information Services had signed a non-binding letter of intent to purchase the RoweCom worldwide subscription agent business. The acquisition is being handled as two separate transactions: (1) the European operations of RoweCom and (2) the non-European operations of RoweCom which primarily includes the U.S., Canada and Australia.

The Society's exposure in this matter was reduced with the announcement in early February that EBSCO's purchase of the European operations of divine/RoweCom was advancing and that EBSCO would honor all the obligations of RoweCom Europe in full. As of this date there has been no closing on the European operations of RoweCom; however, subscription money is now being received from the region. The situation regarding the remaining subscribers is still unresolved. Although EBSCO remains committed to its acquisition of RoweCom's US operations, they have made it clear they will not cover the entire deficit, which is thought to be between \$50 and \$80 million. The fate of RoweCom Canada and Australia remain uncertain.

Soon after EBSCO announced its intentions, RoweCom and its affiliated companies filed for bankruptcy protection. That same day, RoweCom filed a 14-count lawsuit against its parent company, alleging that divine had made "fraudulent transfers" of over \$73.7 million of RoweCom funds and had looted the company. The situation was further complicated in late February when Divine, Inc. announced its filing of a voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy code. The entire matter may remain unresolved for some time with RoweCom and its parent in the midst of complicated bankruptcy proceedings and the convening of a grand jury to determine if there are any criminal charges to be filed in the matter.

*Beth Huber
Associate Publisher
April 2003*

**American Mathematical Society
2002 SACNAS National Conference
Sponsorship Report**

Conference Attendance, SACNAS 2002

Total number of conference attendees: 2,100

Numbers are based on the data from participants who have provided information on their field of study - approximately 80% of all participants.

Total number of mathematics participants: 174

Female: 47% (82/174)

Male: 53% (92/174)

Mathematics Student (undergraduate and graduate): 109 (80 UG/29 GR)

Mathematics Postdoc: 1

Mathematics K-12 educator: 21

Mathematics Faculty and professional: 38

Mathematics-related exhibitors: 5

AMS Sponsored Session:

Blurring the Line Between Pure and Applied Mathematics

September 27, 2002

9:00 AM - 11:00 AM

Room 212A, Anaheim Convention Center

Sponsored Session Speakers:

Ricardo Cortez, Ph.D., Chair (unable to attend due to tropical storm in New Orleans)

Associate Professor, Tulane University

Rosa C. Orellana, Ph.D. (unable to attend)

Assistant Professor, Mathematics Department

Dartmouth College

Herbert Medina, Ph.D.

Associate Professor, Mathematics Department

Loyola Marymount University

Rodrigo Banuelos, Ph.D.

Professor, Mathematics Department

Purdue University

Joseph C. Watkins, Ph.D.

Professor, Mathematics Department

University of Arizona

Allocation of AMS Sponsorship Funds:

Total amount of sponsorship applied to speaker lodging, airfare and registration (meals) costs for one scientific symposium session. Due to the last minute cancellation of Dr. Cortez' participation, the remaining funds were used to support three mathematics students and a small amount for Audio Visual support.

Participants TOTAL = \$4,833.80
Audio/Visual support = \$166.20
GRAND TOTAL: \$5,000.00

Other Mathematics-related Sessions Offered:

1. Scientific Symposium

"Cutting Edge Problems in Biostatistics"

Session sponsored by the American Statistical Association This session will discuss various aspects of Biostatistics of current interest. It will present analysis of health data collected from Native-American and Mexican-American populations, explore scientific issues as well as statistical issues dealing with Microarray data. It will also present an overview of survival estimation under censoring and will discuss applications of these methodologies.

Javier Rojo, Ph.D., Chair
Professor
Rice University

Rudy Guerra, Ph.D., Co-chair
Professor
Rice University

Ramon Durazo, Ph.D.
Associate Professor
Medical University of Loyola

Anna Barón, Ph.D.
Associate Professor
University of Colorado

2. K-12 Teacher Workshop Sessions

"Native Homes"

Intended Audience: Middle School

Discipline: Mathematics

The focus of this workshop is to integrate math, science and culture using guided inquiry and problem-solving. Participants will determine the efficiency of various structures used by Native people. They will construct three-dimensional figures and compute the surface area and volume and how these relate to efficiency. Attendees will also investigate insulating qualities of a variety of materials used by Native people when they construct their dwellings.

Mary Alice Thomas
Science Teacher
Polson High School

Polly Dupuis
Mathematics Teacher
Polson High School

"Ours Is Not to Reason Why, Just Invert and Multiply: Dividing Fractions with Meaning"

Intended Audience: Elementary & Middle School

Discipline: Mathematics

Participants will explore hands-on contexts, which involve dividing fractional quantities, with an eye to a meaningful development of pencil and paper techniques. We will begin by discussing division and fraction contexts and make connections downward to operations with whole numbers, upward to algebra and cross-curriculum to measurement.

Christopher Kribs Zaleta, Ph.D.

Assistant Professor, Departments of Mathematics and Curriculum & Instruction

University of Texas, Arlington

"Saturday Academy in Mathematics"

Intended Audience: High School and Post-secondary

Scientific Discipline: Mathematics

This session will describe the Saturday Academy in Mathematics (SAM) model that was created to address the low number of students completing the math requirement for university entrance.

Panelists will share the design of the program, the curriculum, the collaboration between the middle schools and the university, and the impact on program graduates.

Diana Sanchez

Academic Outreach Coordinator

University of California, Irvine

Eric Green

Curriculum Specialist

Santa Ana Unified School District

Gabriel Moreno

Undergraduate Sophomore Student & SAM Graduate

University of California, Irvine

"Taking a Look at Algebra for K-6 Educators - EQUALS"

Intended Audience: Elementary School

Discipline: Mathematics

Algebra for all requires that the foundation for algebraic thinking begin in elementary school.

Develop algebraic content knowledge and improve classroom practice. Examine how teacher instructional practices assist or confuse conceptual understanding.

José Franco, Ph.D.

Director

EQUALS Program

Lawrence Hall of Science

*Jim Maxwell
Associate Executive Director
March 2003*



Prizes and Awards

SUMMARY OF AMS PRIZES AND AWARDS					
PRIZE	DESCRIPTION	AMOUNT	FREQUENCY	FURTHER INFORMATION AND PAST RECIPIENTS	NOMINATION PROCEDURE
George David Birkhoff Prize in Applied Mathematics (awarded jointly with SIAM)	for an outstanding contribution to applied mathematics in the highest and broadest sense	\$5,000	every three years	http://www.ams.org/prizes/birkhoff-prize.html	Contact the Office of the AMS Secretary
Bôcher Memorial Prize	for a notable research memoir in analysis that has appeared during the past six years in a recognized North American journal	\$5,000	every three years	http://www.ams.org/prizes/bocher-prize.html	Contact the Office of the AMS Secretary
Book Prize	to recognize a single, relatively recent, outstanding research book that makes a seminal contribution to the research literature, reflects the highest standards of research exposition, and promises to have a deep and long-term impact in its area	\$5,000	every three years	http://www.ams.org/prizes/book-prize.html	Contact the Office of the AMS Secretary
Frank Nelson Cole Prize in Algebra	for contributions to algebra that have appeared during the past six years in a recognized North American journal	\$5,000	every three years	http://www.ams.org/prizes/cole-prize-algebra.html	Contact the Office of the AMS Secretary

Frank Nelson Cole Prize in Number Theory	for contributions to number theory that have appeared during the past six years in a recognized North American journal	\$5,000	every three years	http://www.ams.org/prizes/cole-prize-number-theory.html	<u>Contact the Office of the AMS Secretary</u>
Levi L. Conant Prize	to recognize the best expository paper published in either the <i>Notices of the AMS</i> or the <i>Bulletin of the AMS</i> in the preceding five years.	\$1,000	every year	http://www.ams.org/prizes/conant-prize.html	<u>April 2003 Notices</u>
Delbert Ray Fulkerson Prize (awarded jointly with <u>MPS</u>)	for papers published during the six calendar years preceding the year of the International Congress of the Mathematical Programming Society	\$1,500	every three years	http://www.ams.org/prizes/fulkerson-prize.html	<u>Contact the Office of the AMS Secretary</u>
E. H. Moore Research Article Prize	for an outstanding research article to have appeared in one of the AMS primary research journals during the six calendar years ending a full year before the meeting at which the prize is awarded	\$5,000	every three years	http://www.ams.org/prizes/moore-prize.html	<u>April 2003 Notices</u>
Frank and Brennie Morgan Prize for Outstanding Research in Mathematics by an Undergraduate Student (awarded jointly with <u>MAA</u> and <u>SIAM</u>)	to an undergraduate student (or students having submitted joint work) for outstanding research in mathematics	\$1,000	every year	http://www.ams.org/prizes/morgan-prize.html	<u>April 2003 Notices</u>

Ruth Lyttle Satter Prize in Mathematics	to recognize an outstanding contribution to mathematics research by a woman in the previous six years	\$5,000	every two years	http://www.ams.org/prizes/satter-prize.html	Contact the Office of the AMS Secretary
Leroy P. Steele Prize for Lifetime Achievement	for the cumulative influence of the total mathematical work of the recipient, high level of research over a period of time, particular influence on the development of a field, and influence on mathematics through Ph.D. students	\$5,000	every year	http://www.ams.org/prizes/steele-prize.html	March 2003 Notices
Leroy P. Steele Prize for Mathematical Exposition	for a book or substantial survey or expository-research paper	\$5,000	every year	http://www.ams.org/prizes/steele-prize.html	March 2003 Notices
Leroy P. Steele Prize for Seminal Contribution to Research	for a paper, whether recent or not, that has proved to be of fundamental or lasting importance in its field, or a model of important research	\$5,000	every year	http://www.ams.org/prizes/steele-prize.html	March 2003 Notices
Oswald Veblen Prize in Geometry	for research in geometry or topology that has appeared during the past six years in a recognized North American journal	\$5,000	every three years	http://www.ams.org/prizes/veblen-prize.html	April 2003 Notices
Albert Leon Whiteman Memorial Prize	to recognize notable exposition and exceptional scholarship in the history of mathematics	\$4,000	every four years	http://www.ams.org/prizes/whiteman-prize.html	Contact the Office of the AMS Secretary

Norbert Wiener Prize in Applied Mathematics (awarded jointly with SIAM)	for an outstanding contribution to "applied mathematics in the highest and broadest sense"	\$5,000	every three years	http://www.ams.org/prizes/wiener-prize.html	April 2003 Notices
AWARD	DESCRIPTION	AMOUNT	FREQUENCY	FURTHER INFORMATION AND PAST RECIPIENTS	APPLICATION OR NOMINATION PROCEDURE
Centennial Fellowships	for outstanding mathematicians (who are 3-12 years past the Ph.D.) to help further their careers in research	varies; 2003-2004 fellowships were \$57,000	every year	http://www.ams.org/prizes/centennial-fellowship.html	Full Description and Application Forms
JPBM Communications Award (awarded jointly with MAA and SIAM)	to reward and encourage journalists and other communicators who, on a sustained basis, bring accurate mathematical information to nonmathematical audiences	\$1,000	every year	http://www.ams.org/prizes/jpbm-comm-award.html	Contact the Assistant to the Executive Director at AMS Headquarters
Epsilon Awards for Young Scholars Programs	to help support existing summer programs for mathematically talented high school students	varies according to financial need of each program selected	every year	http://www.ams.org/prizes/epsilon-award.html	Description and Application Form
Karl Menger Memorial Awards	for outstanding mathematics projects at the Intel International Science and Engineering Fair	\$1,000 (first place) \$500 (second place) \$250 (third place)	every year	http://www.ams.org/prizes/menger-award.html	Must be a participant in the Intel ISEF

Award for Distinguished Public Service	to a research mathematician who has made a distinguished contribution to the mathematics profession during the preceding five years	\$4,000	every two years	http://www.ams.org/prizes/public-service-award.html	April 2003 Notices
AAS-AMS-APS Public Service Award	to recognize a public figure for his or her sustained and exceptional contributions to public policies that foster support for research, education, and industrial innovation in the physical sciences and mathematics	\$0	every year	http://www.ams.org/prizes/aas-ams-aps-public-service-award.html	Contact the AMS Washington Office
Waldemar J. Trjitzinsky Memorial Awards	to assist students who have declared a major in mathematics at a college or university that is an institutional member of the AMS	8 awards - \$4,000 each	every year	http://www.ams.org/prizes/trjitzinsky-award.html	Contact the Assistant to the Executive Director at AMS Headquarters



Part 2: Summary of Council Actions Taken Since 1992 to Expand AMS Prizes

Normalizing the rules for prizes (August 1993)

The AMS Council approved a collection of proposed changes in the operation of AMS Prizes and Awards. The changes were initiated by the ad hoc Committee on Prizes which made its report to the May 1993 ECBT. The approved changes that are relevant to this report are the following:

- Resolution: The Society welcomes the creation of new prizes as a result of gifts when the following conditions are met:
 1. The gift should be sufficient to fully endow a substantial prize and
 2. Any conditions attached to the gift should be acceptable to the Society.
- Resolution: The Society hereby removes any citizenship, residency or AMS membership requirements for AMS awards.
- The Board of Trustees (BT) agreed that all AMS prizes should be a minimum of \$4,000, and that the Satter prize should be raised to \$4,000. In the future, new prizes must meet the minimum amount set by the BT..

New Prize for Undergraduate Research (August 1994)

The AMS Council approved in principle a recommendation by the Committee on the Profession (CoProf) to establish a joint AMS-MAA prize for “Outstanding Research in Mathematics by and Undergraduate Student” to be administered and funded jointly with MAA. The Council delegated to the Executive committee final approval of the regulations governing the prize, with the regulations to be negotiated by CoProf and the MAA’s Coordinating Council on Prizes. Subsequently, the Executive Committee approved the proposed regulations at its November, 1994 meeting and the Board of Trustees approved the funding of the prize.

New Prize in History of Mathematics (May 1998)

The Council approved the creation of the Albert Leon Whiteman Memorial Prize after receiving a recommendation for approval from the Committee on the Profession. This prize is to recognize notable 3exposition and exceptional scholarship in the history of mathematics. (At this same meeting, the Council also approved a proposal forwarded from the Committee on the Profession for the management of the Beal Prize.)

New Joint Public Service Award (January 1999)

The Council approved the detailed proposal submitted by the Committee on the Profession for the Joint Public Service Award, a new annual award to be given jointly with the American Astronomical Society and the American Physical Society. This award is to recognize a public figure for his or her sustained and exceptional contributions to public policies that foster support for research, education and industrial innovation in the physical and mathematical sciences. It normally goes to at least two individuals and carries no monetary award.

New Conant Prize for Exposition (January 2000)

The Council approved the establishment of the Levi L. Conant Prize to recognize the best expository paper published in either the *Notices of the AMS* or the *Bulletin of the AMS* in the preceding five years. This \$1,000 prize is given annually.

Increase Frequency of AMS Prizes (January 2000)

The Council approved a recommendation by the Committee on the Profession to increase the frequency of the AMS research prizes (Birkoff Prize, Bôcher Prize, Cole Prize in Algebra, Cole Prize in Number Theory, Veblen Prize, and Wiener Prize) from every five years to every three years. This increases the number of these prizes by two-thirds.

Increase the Amount of AMS Prizes (November 2000)

The Board of Trustees approved increasing to \$5,000 the prize amounts currently set at \$4,000, which included all prizes in the previous item along with the Satter Prize.

New E.H. Moore Prize for a Research Paper (January 2002)

The Council approved the prize description developed by the Committee on the Profession for the new prize Council approved in principle at its January 2000 meeting. The Council also approved naming the prize the E. H. Moore Prize and it is to be given every three years. The Board of Trustees approved a prize amount of \$5,000.

New Book Prize (January 2003)

The Council approved the creation of a new AMS Book Prize to recognize a single, relatively recent, outstanding research book that makes a seminal contribution to the research literature, reflects the highest standards of research exposition, and promises to have a deep and long-term impact in its areas. The prize is to be given every three years and the Board of Trustees approved a prize amount of \$5,000.

Part 3 Prizes Comparison with Other Societies

	AMS	MAA	SIAM	American Astronomical Society	American Chemical Society	American Physical Society
Number	23 prizes/awards	20 prizes/awards	24 prizes/awards	20 prizes/awards	61 prizes/awards	49 prizes/awards
Frequency	11 annual 2 biennial 9 triennial 1 quadrennial	16 annual 1 biennial 3 irregular	6 annual 7 biennial 7 triennial 3 quadrennial 1 every 5 years	15 annual 4 biennial 1 every 18 months	52 annual 7 biennial 1 triennial 1 irregular	37 annual 11 biennial 1 annual or biennial
Sponsorship	6 society endowed 10 privately endowed 2 private/society 1 private/MPS 2 institutional 1 JPBM 1 requires no support	4 association 15 privately endowed 1 EDUCOM	1 corporate 10 society endowed 9 privately endowed 4 require no support	2 society endowed 1 privately endowed 1 foundation 1 AAUW sponsored 15 unspecified	34 corporate 7 society endowed 11 privately endowed 5 corporate/society 4 foundation	13 corporate 25 society endowed 1 privately endowed 4 corporate/society 3 foundation 3 grant/foundation
Prize amount	12 - \$5,000 3 - \$4,000 4 - \$1,000 1 - \$1,500 2 - varies 1 - no cash prize	1 - \$5,000-\$25,000 1 - \$4,000 6 - \$1,000 5 - \$100-\$500 1 - varies 6 - no cash prize	1 - \$20,000 2 - \$4,000-\$5,000 8 - \$1,000-\$2,500 6 - \$300-\$1,000 3 - varies 4 - no cash prize	1 - \$2,000 1 - \$1,500 1 - \$1,000 6 - varies 11 - unspecified	2 - \$25,000 1 - \$10,000 45 - \$5,000 11 - \$3,000 1 - varies 1 - no cash prize	1 - \$15,000 4 - \$10,000 4 - \$7,500 20 - \$5,000 - \$6,000 4 - \$3,000 - \$3,500 7 - \$2,000 - \$2,500 7 - \$1,000 - \$1,500 1 - no cash prize 1 - unknown
Special Requirements or Benefits	3 residency 2 membership 4 recent research	1 age 1 residency	3 age 1 residency	4 age 2 residency	6 age 12 residency 8 accompanying grant 6 lecture/address 4 recent research 3 membership	12 age 11 residency
<p>Sponsorship Key: Corporate – a specific corporation has been recognized for sponsorship; Society or Association endowed – funded through a general endowment or member donations; Privately endowed – specific person has donated or bequeathed funds or a group (friends of ...) has donated funds in memory of a specific person; Foundation – a specific foundation has been recognized for sponsorship; Corporate/Society – jointly funded; Private/Society – jointly funded; Institutional – prize/award funding from another institution.</p>						

Part 4: Analysis of Spendable Income from the Prize Funds

The Society pools its prize funds and computes the spendable income for prizes using the total return concept, applying a 5% rate on the average value of the prize funds for preceding three years. At the beginning of 2003, the accumulated the total prize funds amounted to \$723,665, and the calculated spendable income was \$38,416. Since the cost of prizes will be approximately \$33,100 in 2002, there was \$5,136 in spendable income left over. This has been a common occurrence in recent years, and the Society began 2002 with \$81,526 in accumulated spendable income.

With the addition of the Book Prize (and other recent prizes), this situation will change. Assuming that investments grow at an annual rate of 8.5%, and that travel expenses for prize winners remain roughly at recent levels, the Society will use more for prizes than the calculated spendable income for the next 15 years or so. The Society will therefore consume a portion of the accumulated spendable income, bringing the accumulated spendable income to a minimum of \$8,589 in 2016 before it begins to grow once again. Under the assumption of 8% annual growth in investments, the accumulated spendable income would become slightly negative (about \$2,000) before growing towards the end of a twenty year period. This analysis assumes that the size of prizes remains the same over this period, and that travel costs remain constant as well.

Projected Spendable Income with Addition of Book Prize

Year	Balance From Prior Year	Current Year Increment	Cost of Prizes	Net Gain (Loss)
2002	\$ 81,526	\$ 38,416	\$ (33,100)	\$ 5,316
2003	\$ 86,842	\$ 38,320	\$ (45,300)	\$ (6,980)
2004	\$ 79,862	\$ 31,546	\$ (33,100)	\$ (1,554)
2005	\$ 78,308	\$ 29,555	\$ (45,300)	\$ (15,745)
2006	\$ 62,563	\$ 30,269	\$ (39,200)	\$ (8,931)
2007	\$ 53,632	\$ 31,190	\$ (39,200)	\$ (8,010)
2008	\$ 45,622	\$ 32,195	\$ (39,200)	\$ (7,005)
2009	\$ 38,617	\$ 33,238	\$ (45,300)	\$ (12,062)
2010	\$ 26,555	\$ 34,316	\$ (33,100)	\$ 1,216
2011	\$ 27,772	\$ 35,429	\$ (45,300)	\$ (9,871)
2012	\$ 17,901	\$ 36,578	\$ (39,200)	\$ (2,622)
2013	\$ 15,279	\$ 37,765	\$ (39,200)	\$ (1,435)
2014	\$ 13,844	\$ 38,990	\$ (39,200)	\$ (210)
2015	\$ 13,634	\$ 40,255	\$ (45,300)	\$ (5,045)
2016	\$ 8,589	\$ 41,560	\$ (33,100)	\$ 8,460
2017	\$ 17,049	\$ 42,908	\$ (45,300)	\$ (2,392)
2018	\$ 14,657	\$ 44,300	\$ (39,200)	\$ 5,100
2019	\$ 19,758	\$ 45,737	\$ (39,200)	\$ 6,537
2020	\$ 26,295			

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SECTION I – GENERAL INFORMATION

I.1 Introduction

The Business Continuity Plan (“the Plan”) reflects the Society’s response to emergency situations identified as most plausible to disrupt operations. The Plan provides general guidelines to help with the recovery process for continuing operations. This requires careful planning and periodic reviews of the Plan to keep it current. This Plan does not provide detailed instructions for dealing with major disasters or events that destroy or force closure of facilities for extended periods of time. Also, it is intended primarily for the Society’s Rhode Island facilities.

Each department determines which tools and information they would need immediately following an major event. Items such as vital records, critical data, and equipment needs are addressed within each departmental section of the Plan.

I.2 Business Continuity Team

The Society’s Business Continuity Team (“The Team”) is called into action during an emergency or impending emergency. The Executive Director, John Ewing, will lead the efforts of the Team, and Linda Burke will serve as Coordinator. Members of the Team are:

- John Ewing, Executive Director
- Gary Brownell, Deputy Executive Director
- Patty Hickey, Manager, Facilities & Purchasing
- Nancy Kaul, Director, Systems and Operations
- Barbara Veznaian, Director, Management Information Systems
- Tammy King Walsh, Manager, Human Resources
- Linda Burke, Records Manager and Assistant to the Deputy Executive Director

An advising group comprised of representatives from each department (or service group) supports the Team’s efforts.

The entire Team may not be required to respond during every incident disruption. **Section II.3 Incident Classifications and Down Time** provides detail information on incident classifications and is a guide to which team members would respond to a particular level of emergency.

I.3 Implementation

In the event of an emergency, or pending emergency, the Executive Director along with members of the Team will assess the situation and classify the incident based on the following incident classifications:

- **Level 1:** Potential or Controlled Emergency Situation
- **Level 2:** Limited Emergency Condition
- **Level 3:** Full Emergency Condition

The Executive Director (or his designee) will establish and maintain contacts with the appropriate service agencies such as police, rescue, fire, etc. A fairly comprehensive list of service agencies is provided in **Section VI Disaster Recovery Assistance Agencies**.

Throughout the incident, the Executive Director (or his designee) will monitor the situation. In the event that the incident level needs upgrading, the Executive Director will relay that information to the

appropriate agencies and staff. If the Executive Director is unable to perform these duties, either the Deputy Executive Director or one of the Associate Executive Directors will assume these responsibilities in the following order: Gary Brownell, Jim Maxwell, Sam Rankin, and Jane Kister.

I.4 Administration

Linda Burke, the Coordinator, is responsible for executing the required maintenance, updating, testing, and monitoring of the plan. The Coordinator will be available to assist in development of divisional plans.

A complete set of documentation will be distributed annually to:

- Executive Director
- Facilities and Purchasing Department
- Human Resources Department
- Off-Site Storage Locations (Pawtucket, RI, and Ann Arbor, MI)
- Systems and Operations Department
- Management of Information Systems Department
- Members of the Team

Note: Key personnel and members of the Business Continuity Team should keep copies of the Plan at home and in the office.

The complete plan, including all department plans, is available in the Human Resources Department and on AMSWEB for employees to review. Copies of the individual departmental plans reside with the authoring division.

I.5 Plan Testing, Review, and Maintenance

Plan testing occurs whenever incidents such as a snowstorms, electrical outages, fires, etc., happen. Comprehensive plan testing has not been considered necessary. The Plan is reviewed annually.

Following each emergency, any member of the Team can prepare a recommendation for changes or improvements to the Plan, generally in the form of an “incident report”. The Coordinator is responsible for polling management for such recommendations after an emergency, if deemed necessary. If the changes provided to the Coordinator are accepted by the Team, the recommendations are incorporated into the Plan. Managers are notified of any changes to the Plan. Copies of the Incident Reports are maintained by the Coordinator, Facilities Department, and Human Resources Department.

The Plan is reviewed and updated annually. Department heads are responsible for updating their individual plans and for reviewing their updated plans with their department members.

New managers are given a comprehensive review of the plan during their orientation. An overview of the Business Continuity Plan is included in the orientation of new employees. In addition, new employees are briefed by their Department Manager as to their role in the business continuity plan of the department.

The Coordinator is responsible for setting the schedule for activities relating to the annual review and update and will manage the process.

The Human Resources Department maintains the AMS home phone list and provides changes, additions, and deletions to the Business Continuity Coordinator whenever there are changes to the phone list. The Coordinator updates the Business Continuity Plan with this information and informs persons required to keep paper copies of the Plan.

SECTION II – PLANNING ASSUMPTIONS AND DEFINITIONS

The consequences of a disaster are generally numerous and unpredictable, and therefore preparation is difficult. Consequences may include:

- damage to facilities or equipment
- loss of productivity
- loss of facilities in part or in entirety
- unavailability of facilities for a limited or extended period
- loss of utilities
- loss of computer systems and/or data
- employee injury (including traumatic stress) or death.

II.1 PEMA Targeted Hazards and Threats

The following hazards and threats should be given top priority in planning. The Society has accepted the following threats, identified by the Providence Emergency Management Agency (PEMA), as most plausible for the AMS (listed in order of likelihood).

- **Hazardous Materials Incidents.** *The Chemical Manufacturers Association estimates that in an average year, one out of three trains and one out of ten trucks carries hazardous materials.*

The Society's Providence facility is adjacent to Interstate 95, as well as other main thoroughfares, and near the mainline railroad tracks, all of which are frequently used to transport chemicals. The Pawtucket facility's immediate proximity to the Pawtucket Industrial Highway and an industrial rail line present similar potential hazards.

In addition, the Providence facility is in close proximity to Union Industries (Admiral Street, Providence) and health facilities (Moshassuck Medical Center, Randall Square) that use dangerous chemicals.

While local government is responsible for safety measures or precautions required for public protection, a hazardous material incident occurring in close proximity to either of the Society's Rhode Island facilities could be costly. Storage of chemicals and vulnerability distances for releases of extremely hazardous substances are tracked by the State. These distances vary from less than one mile for sulfuric acid stored at Brown to almost 10 miles for ammonia and chlorine stored at George Mann & Co. During hazardous chemical incidents, organizations have been required to close for an undetermined period, possibly as long as one month or more, in order to remove toxic releases.

- **Floods.** *The AMS Providence facility is situated on a 100-year flood plain. A 100-year flood plain refers to a flood level with a one (1) percent or greater chance of being equaled or exceeded in any given year, not a flood that occurs once every 100 years. Areas within the 100-year flood boundary are termed "Special Flood Hazard Areas (SFHAs)".*

The Moshassuck River runs alongside the Society's Providence property. During hurricanes, winter storms, and severe rainstorms, the threat of the Moshassuck River rising above its banks exists.

Water damage to AMS equipment, property, and records due to flooding could be extensive. Computer equipment damaged by water may not be repairable; records (documents) require freezing to prevent further damage by mold and mildew. Flash floods often strike with little or no warning, and flood losses are not usually covered under property insurance policies. Flood insurance can be

purchased for an additional fee. The AMS has never experienced a flood, and has chosen not to obtain flood insurance.

- **Hurricanes.** *Hurricane season is from June 1 until November 30. The Atlantic and Gulf Coast states are the regions most likely to be hit. On the average, three hurricanes per year strike the United States.*

Hurricanes can lead to flooding, gale winds, property damage, and utility outages. In addition, hurricanes often spawn tornados, one of the storm's worst threats.

Frequent detailed information is issued by the local weather service when a hurricane poses a threat to the United States, in the form of hurricane watches and warnings. (Hurricane watches are issued when a hurricane might threaten an area; warnings are issued when a hurricane is expected to strike within 24-hours.) Damages depend upon the location, strength, and movement of the storm (for example, hurricanes moving inland can cause severe flooding).

- **Winter Storms.** *Winter storms, including blizzards, heavy snow, freezing rain, and sleet, can usually be forecast by the local weather service. Blizzards, the most dangerous winter storm, combine cold air, heavy snow (more than four inches in twelve hours), and strong winds. Travelers' advisories are issued when ice and snow are expected to hinder travel.*

The AMS has experienced at least one severe winter storm (1978). Water damage from that storm, due to melting snow on the Providence office's flat leaky roof, caused problems in the AMS computer room. The roof has since been resurfaced. In addition to physical damage to the facility a winter storm could result in other disruptions such as a loss of electrical service. A loss of power would result in computer system "down-time" and lack of heat in the facility that could cause damage to Society equipment.

II.2 Other Hazards and Threats

In addition to those described above, the following are business disruptions the AMS has already experienced or identifies as presenting a real threat to its operations. Although not targeted by PEMA, the AMS should consider these hazards and threats and how they have impacted operations in the past when planning.

- **Power Outages.** *Power loss can have a significant impact on AMS computer resources in down time and lost information. The loss of power can be far reaching. Other systems that are effected include interior lighting, switchboard and paging systems, security, HVAC and other services required to operate RI facilities*
- **Computer Hackers.** *The consequences of computer system hacking can be extremely detrimental. Malicious hackers often destroy or damage valuable corporate data.*

The AMS has a firewall and other security procedures to protect against unwanted penetration of its computer systems. Security is a high priority. The AMS continues to monitor possible threats and to take actions appropriate to them.

- **Fire and Smoke.** *Fire safety rules are of special importance in an emergency, but should be observed every day to prevent disaster. Deaths from fire can be substantially reduced when properly functioning smoke detectors are installed and employees are trained in emergency procedures.*

In 1914, the AMS's Office of the Secretary (then in NY) experienced a large fire. The fire resulted in no loss of life; however, archival records documenting the history of the Society were lost. To deal with this threat, the AMS developed a vital records program and has established archival storage requirements with Brown University.

- **Theft.** *Theft can be a problem for businesses in any industry.*
- **Explosions.** *The AMS houses numerous types of equipment and chemicals, including print shop and computer-related equipment and chemicals, and utility equipment; some equipment may be subject to explosions. In compliance with OSHA regulations, the AMS maintains a Right to Know Training Manual, which is issued to each employee, and a complete Hazardous Chemicals Manual is maintained in the Human Resources Department.*
- **Terrorism.** *Terrorism is the use of force or violence against persons or property in violation of the criminal laws of the United States for purposes of intimidation, coercion, or ransom. Terrorists often use threats to create fear among the public, to try to convince citizens that their government is powerless to prevent terrorism, and to get immediate publicity for their causes. Acts of terrorism include threats of terrorism, assassinations, kidnappings, hijackings, bomb scares and bombings, cyber attacks (computer-based), to the use of chemical, biological and nuclear weapons. High-risk targets include military and civilian government facilities, international airports, large cities and high-profile landmarks. Terrorists might also target large public gatherings, water and food supplies, utilities, and corporate centers. Further, they are capable of spreading fear by sending explosives or chemical and biological agents through the mail. In the immediate area of a terrorist event, persons need to rely on police, fire and other officials for instructions. However, one can prepare in much the same way they would prepare for other crisis events.*

II.3 Incident Classification and Down Time

In the event of a business disruption or impending disruption, the Executive Director will define the threat and classify the situation using one of three incident classifications. To aid in communications with external agencies, this classification scheme has been adapted from the one used by the City of Providence and the State of Rhode Island. Incident classifications are as follows:

LEVEL 1: POTENTIAL OR CONTROLLED EMERGENCY SITUATION

Business Continuity Team members responding are the Executive Director, the Deputy Executive Director, and representatives from Facilities, Systems and Operations, Management Information Systems, and the Coordinator.

- No immediate threat to life or health
- Minimal threat of damage to the AMS facilities or equipment
- No building evacuation required
- Incident controllable by AMS staff
- Minimal, if any, outside agency involvement required
- Incident confined to a specific section of the involved AMS facility
- Involves only potential or limited loss of utility services
- Involves only potential or limited loss of computer operations

Examples of a Level 1 situation might include an impending hurricane or winter storm, brief power disruption, suspected PBX fraud, threat of a computer virus on AMS systems, or an employee on the job injury.

Level 1 Down Time

A Level 1 incident has the potential for interrupting the normal operations of the Society. The loss of electrical power or HVAC service to the facility has the potential for interrupting operations for a limited amount of time. The offices would remain open although extended break or lunch periods may result as services are restored. The uninterrupted power supply (UPS) would provide for an orderly shut down of computer systems and MathSciNet activity would be handled by the mirror site if required by the Systems and Operations Director.

The maximum limitation of access to AMS facilities as a result of a Level 1 incident is one business day.

Example of A Level 1 Incident

Power is unexpectedly lost at the Providence facility. When contacted, the electric company reports that a car accident has damaged a transformer in the area. Indications are that power will be restored in less than 1 hour. Employees are notified that work will resume when power is restored. Computer related departments take appropriate action to insure orderly take down and reboot of systems.

LEVEL 2: LIMITED EMERGENCY CONDITION

Business Continuity Team members responding are: Executive Director, the Deputy Executive Director, and Directors or Managers from Facilities, Systems and Operations, Management Information Systems, Human Resources, and the Coordinator.

- Potential threat to life, health, and property exists
- Release of any quantity of an unknown or toxic material from an AMS facility or in close proximity thereto
- Potential for, or the occurrence of, a limited evacuation of an AMS facility
- A disaster condition existing in a facilities surrounding an AMS facility
- Specialists or technical teams required on site such as a chemical hazards team for chemicals or the police and fire due to an explosion
- Expanded facility and/or equipment damage visible or predicted
- Loss, or probable loss, of utilities
- Loss, or probable loss, of computer systems

Examples of a Level 2 disaster might include a hurricane, winter storm, or flood hitting the Providence vicinity with great force, a computer virus destroying data on AMS systems, multiple on-the-job injuries, or the existence of life threatening conditions.

Level 2 Down Time

A Level 2 incident would significantly interrupt operations of the Society. This could result in closure of the facility for a defined period of time. The length of the closure would depend on the severity of the incident.

A Level 2 incident could result in the Society being "out-of-business" for an extended period of up to one (1) month before jeopardizing a fuller future recovery (or experiencing severe financial implications). If the Society has not recovered by the end of the one-month period, the Executive Director should reassess the situation. This will most likely result in reclassifying the incident as a Level Three (3) disaster and proceeding with appropriate plans.

Example of a Level 2 Incident: The Rhode Island offices are closed early due to a major winter storm assaulting the area.

A strong possibility exists for loss of power so computer related departments take defensive actions and execute an orderly take down of systems and internet activity is diverted to the mirror site. Facilities completes building emergency shutdown procedures and secures the facility.

The storm continues overnight and the heavy accumulations of snow result in closure of the facility for the day. Employees are notified of the closure in accordance with established procedures. A state-of-emergency, established by the Governor, results in the closing of roads to all but essential personnel. Best estimates are that normal operations will not resume another two business days.

On day three of the event, the state of emergency is lifted and power is restored. Key Facilities Services and Computer department employees return to the facility to determine the effects of the storm on the plant and to restart computer systems. HVAC systems have been affected and service personnel are called to the facility. Heat is restored early in the evening and is left on overnight to prepare for return to full operations in the morning.

LEVEL 3: FULL EMERGENCY CONDITION

(All Business Continuity Team members responding)

- Serious hazard or severe threat to life, health, and property
- Large facility and/or equipment impact; severe damage visible or predicted
- Major building evacuation necessary at an AMS facility
- Entry to AMS facility prohibited
- Utilities and computer systems unavailable
- Facilities surrounding the AMS involved
- State and Federal involvement
- Specialists and/or technical teams deployed Executive Director or Deputy Executive Director to an AMS facility
- Multiple emergency operations ongoing
- Requires on-scene command post and activation of the community Emergency Operations Center

Examples of a Level 3 disaster might include a fire, hurricane, winter storm, or flood destroying an AMS facility, a chemical spill contaminating the office for an extended period, or an employee fatalities while on the job.

Level 3 Down Time:

A Level 3 incident would dramatically alter operations of the Society. A serious disaster of level 3 magnitude would result in the Society being "out-of-business" for an extended period beyond one (1) month.

Example of a Level 3 Incident: The Executive Director is called by the fire department at 2:00 AM to report that a significant fire is raging at the Pawtucket Warehouse facility. The Executive Director declares a Level 3 emergency and notifies the Deputy Executive Director and the Manager of Facilities and Purchasing who join him in Pawtucket by 2:30 AM.

The entire Business Continuity Team is notified by phone by 5:00 AM and told to report to a 6:00 AM meeting in the Executive Director's Providence Office to initiate the Society's response to this crisis.

Employees are notified via radio, TV and by a switchboard message that the Pawtucket facility is closed until further notice. Employees of the Pawtucket facility are directed to report to the Providence facility at 8:00 AM to receive further information on the incident.

The Executive Director calls a gathering of employees for 8:00 AM to provide preliminary information regarding the situation.

(This is only an example of the early response to a significant Emergency at an AMS facility. A more detailed plan would be developed that requires too much detail to be expressed here.)

Note: It is assumed that with sufficient warning of impending disaster, employees will be evacuated from the office. Efforts will not be made to "man the building" during an emergency. This will likely involve a temporary discontinuation of some services.

Unless absolutely necessary, the AMS will not house employees for an extended period. The plan will not address the stocking of food and personal items to subsist employees.

Often during the course of events, an incident (or impending disaster) will initially be classified as a Level 1 situation; then, as the situation worsens, be upgraded to a Level 2 or 3 condition. It is the responsibility of the Executive Director to monitor the situation and reclassify the incident as necessary.

II.4 Exposed Risks

Due to the unlikelihood of an event occurring and/or the cost (both real cash and personnel time) to establish coverage, the American Mathematical Society has chosen not to explicitly address the following exposed risks:

- **Flood** - Although the AMS is situated on a 100-year flood plain, the Society is not required to obtain additional Flood Insurance and has chosen not to do so.
- **Earthquake** - Boston is situated on an earthquake fault line; Providence is not. The likelihood of an earthquake effecting Providence is minimal. The AMS is specifically not addressing earthquakes in its plan.
- **Nuclear Attack** - Nuclear attack was targeted by PEMA as potential disaster for the AMS. The Society has elected not to address this threat.
- **Civil Disorder** - Civil Disorder was targeted by PEMA as a potential disaster for the AMS. The Society has elected not to address this threat.

II.5 Divisional and Departmental Plan Development

At the discretion of the responsible Associate Executive Director, each division, department or workgroup represented in the Rhode Island facilities of the Society should develop a Business Continuity Plan.

Plans should document specific responses to Level 1 emergencies. References to Level 2 and 3 emergencies should be overview in nature, since detailed planning for this level of emergency would be difficult or impossible to do and is not required under current AMS policies.

Requirements of individual plans are listed at the beginning of Section III.

II.6 Following an Emergency

The Team will continue to listen and heed advice and information provided by local government officials and utilities on ways to aid in recovery from an emergency. If the facility were closed during the

emergency, it would be reopened when it was determined that the emergency had passed and no further threat was present to employees or the facility.

A message will be posted on local radio and television stations (if possible), the AMS answering machine and www.ams.org/staff indicating that the emergency at the Rhode Island facilities has passed, along with a schedule for continuity of business.

Upon Continuity of normal operations, regardless of the severity of the emergency condition, it is the responsibility of the Coordinator to prepare a report summarizing the incident. The Coordinator is responsible for conducting a thorough fact finding mission on the emergency prior to preparation of the report. This report will be issued to the Executive Director and copied to members of the Business Continuity Team.

SECTION III – DEPARTMENT PLANS

Departmental Plan Requirements

Each of the departments in Rhode Island and DC prepares a plan suitable for its own needs, as part of the overall plan. At a minimum, each such plan includes:

- Names and phone numbers of all department members and of all other department heads that are direct reports
- Name and phone number of executives to whom the department reports
- Evacuation information
- Critical functions
- Critical applications
- Critical data
- Critical equipment
- Key personnel and minimum staffing requirements
- Staff notification
- Vital records
- Need for outside services or additional staff to recover
- Space requirements
- Interactions with other critical service groups, including identification of sources of data and users of data
- Timeline for complete recovery
- Recovery task assignments

To: ECBT
From: Warren Page, Secretary of AAAS Section A (Mathematics)
Subject: AMS-support at the 2003 AAAS Annual Meeting
Date: April 3, 2003

Overview The AAAS annual meeting, considered by many to be the showcase of science, features a variety of presentation formats. In addition to more than one hundred 3-hour symposia on themes of contemporary interest, there are individual topical area lectures and plenary lectures. The generous annual support of the AMS has been centrally important in enabling Section A to offer programs and speakers that communicate to general scientific audiences and the press (ergo, the public at large) the nature, excitement, and usefulness of mathematics.

February 15 – 19, 2003 AAAS Annual Meeting in Denver, CO Summarized below are Section A's sponsored symposia and talks presented at this meeting.

Opening the Mind with Mathematics, Organized by Carson C. Chow
The Dynamic Brain, G. Bard Ementrout
Mathematics of How We See Images, Jack Cowan
Synchronizing With Inhibition, Oscillations in Brain Disorders, David Terman

These speakers represented a good cross-section of the top people in mathematical neuroscience – those who themselves have made fundamental contributions to the field. As it happens, Chow was unable to attend the meeting and the session was chaired by Cowan. Ementrout gave an excellent and sometimes amusing introduction to mathematical neuroscience emphasizing the role played by Hodgkin and Huxley. Cowan described some of the functioning of the primary visual cortex and analogies with simple forest fire models. Rinzel spoke on synchrony and how it is accomplished in modes. Finally, Terman gave an excellent talk on the role of synchrony and asynchrony in Parkinson's disease indicating how physiologically oriented network architecture can be translated into mathematical models that then lead to interesting observations (predictions) about what approaches cures for the disease might take. The session was well attended on average. At the maximum there were about 50 – 60 people (and some press members). Unfortunately attendance dwindled toward the end (to perhaps 20) with many people missing Terman's talk. All-in-all those, who stayed for the whole program went away very well satisfied. - Martin Golubitsky

Math Inside! ... An Industrial View, organized by Brenda Dietrich and Fadil Santosa
Mathematics of E-commerce, Brenda Dietrich
Applications of Mathematics in Aerospace Engineering and Manufacturing, Tom Grandine
Mathematics in the Energy Industry, Jonathan Jacobs

“Math Inside” provided three examples of the fundamental role of mathematics in three different industries – computer, electric power, and aircraft. Fadil Santosa, co-organizer of the symposium, led off with an overview of the IMA's mission and activities in increasing knowledge of industrial research within the mathematics community. He gave brief but compelling examples, including an inverse design problem for cars (to optimize pressure distribution on the body during driving), and the design of progressive lenses (to correct for near vision with minimum distortion). The first industrial speaker, Brenda Dietrich from IBM, the other co-organizer of the symposium, described the many ways optimization is used in the computer industry, including product and chip design management of inventory and service scheduling. Jacobs, of PCA consulting, which advised the electrical industry in California, discussed the use of optimization in operations planning and scheduling, but also other

mathematical models such as game theory, used to understand the operation of deregulated power markets. His talk gave considerable insight into the workings of the power industry – including costing and pricing – and elicited a number of eager questions from members of the press. Finally, Tom Grandine of Boeing gave a very pertinent talk on the design of new generations of hypersonic vehicles, focussing on the difficulties of designing efficient scramjet propulsion and the use of the optimization tool “multidisciplinary design optimization” to fit together the highly integrated components of a hypersonic vehicle. Attendance ranged from 20 attendees when the session started to about 30. Several reporters attended parts or all of the session, and there were lively discussions among the participants and attendees after the session ended. – Barbara Lee Keyfitz

Mathematical Models of Traffic Flow, organized by Paul Nelson

Some Dynamic Features of Freeway Traffic, Michael Cassidy

Traffic Of Equilibrium: Mathematical Models and Physical Implications, Tong Li

Traffic Jams: Pedestrian Flow and Evacuation in Reality and Simulation, Dirk Helbing

Kinetic Models of Vehicular Traffic Flow, Paul Nelson

Mesoscopic Traffic Flow Models for Dynamic Traffic Assignment, Hani Mahmassani

This symposium featured five speakers with a combination of mathematical and traffic engineering expertise. It was well attended, with anywhere from 24 – 40 people at any time. After the talks, there was a 40-minute panel session in which the audience asked questions. This was a very successful part of the program, and drew to a close only when one participant had to leave to catch a plane. Reporters interviewed several of the speakers after the session ended. Michael Cassidy’s talk indicated that on-ramp metering decreases delays in freeway traffic (although Dirk Helbing presented an alternative interpretation of results that suggested the opposite conclusion). Tong Li (a mathematician) presented her work with H. – M. Zhang (a traffic engineer), which found analytical solutions to a continuum model developed by Zhang, and showed that the theory of hyperbolic conservation laws continues to contribute to this area. Much of Helbing’s talk looked at pedestrian traffic models, typically discrete, and showed by comparing simulations to time-lapse movies of actual and experimental situations that models can do a fairly good job of predicting how corridor traffic gets partitioned into lanes, by assuming that people tend to follow other people traveling the same way. Nelson’s talk gave a survey of the Prigogine-Hermann Kinetic theory of traffic flow and summarized its ability to predict a dependence of velocity on density. Hani Mahmassani, who spoke about how to model a city-wide road network, surveyed new technologies for vehicle guidance (such as the GPS systems) and outlined the possibilities for “dynamic traffic assignment” to make commuting patterns more efficient. -- Barbara Lee Keyfitz

Modeling the Internet and the World Wide Web, organized by Jennifer Tour Chayes and Christian Borgs

Overview of Models of the Internet and WWW: Part I, Jennifer Tour Chayes

Overview of Models of the Internet and WWW: Part II, Christian Borgs

From the Internet to the Cell, Albert Lazlo Barabasi

Mathematical Properties of Graphs for the Internet and WWW, Bela Bollobas

Game Theory for the Internet and WWW, Christos Papadimitrou

Web Structure and the Design in Search Algorithms, Jon Kleinberg

Although this symposium was offered at 8:AM on the last day of the conference, it drew and held approximately 35 people for the entire session. Jennifer Chayes and Christian Borgs began the session by describing the distinctive features and self-organization of the Internet and the World Wide Web. Bela Bollobas described a mathematical model of a direct scale-free graph that reproduces measured properties of the World Wide Web. Lazlo Barabasi discussed the graph’s properties of robustness and vulnerability to attack -- in particular, by deletion of its oldest vertices, which on average have the largest degrees. He showed how the network breaks down based on the way nodes are deleted. If nodes are deleted down from the highest degree to the next highest, the system breaks down rapidly. This is not so for randomly deleted nodes; in fact, there may be no breakdown. Jon Kleinberg showed how

real networks are fragmented into groups or modules (e.g., society, WWW, Internet, Biology). He gave examples of highly connected modules with some links to each other -- as, for example, modularity in metabolism -- and showed how to generate a modular, scale-free network. He illustrated this using biological systems (proteins). Christos Papadimitrou, who was to speak on using game theory to explain the Internet power laws, was unable to arrive in Denver because of the snow storm. – Warren Page

Predictability and Randomness in Weather Forecasting, organized by Cecile Penland, Prashant Sardeshmukh, and Matthew Newman

Predictability and Randomness in Geophysics, Prashant Sardeshmukh

Ensemble Weather Forecasting, Cecil Leith

Why Use Stochastic Models, Brian Farrell

Weather and climate forecasts use observed geophysical data combined with numerical prediction models. However, observational discrepancies that are fed into the prediction model as the initial conditions for the dynamical equations give rise to inaccurate predictions. Forecasters try to put bounds on this initial condition error by assuming that it is random, and by ensemble forecasting (averaging the results of running a weather prediction model under slightly different initial conditions). Cecil Leith began the session by discussing how ensemble forecasting is used to reduce the effects of uncertain initial conditions on numerical weather forecasts. Prashant Sardeshmukh discussed the connection between chaotic and random dynamics, and how issues related to signal-to-noise ratios (e.g., variation with geographical location, oceanic conditions, and intrinsic atmospheric chaos) affect ensemble weather forecasting. Brian Farrell discussed the size (dimension 10 to the 16 power) and obstacles in dealing with typical weather forecast models. While accepting that errors are random, the idea is to exploit the fact that error is confined to a restrictive set of structures in order to find the initial conditions statistically. This was an interesting and informative session that maintained the attention, and fostered the participation, of more than thirty people throughout the symposium – Warren Page

Game Theoretic Aspects of Internet Computation, organized by Joan Feigenbaum

Agents' Privacy in Distributed Algorithmic Mechanisms, Joan Feigenbaum

Selfish Routing and the Price of Anarchy, Tim Roughgarden

Compact Models and Fast Algorithms for Multi-player Game Theory, Michael Kearns

Minimal Revelation VGC-Based Mechanisms, David Parkes

Joan Feigenbaum opened this symposium with an introduction and overview of distributed algorithmic mechanism design -- the mathematical study of scalable, multiagent protocols in which resources, computation, and agents are inherently distributed. She also gave a second lecture that illustrated algorithmic problems that are network-centric (routing, caching, or multicasting) and user-centric (auctions of both physical and digital goods). Tim Roughgarden's presentation concerned the degradation in network performance due to the selfish, uncoordinated behavior of network users. He surveyed recent progress, and related issues, for quantifying and bounding the worst possible loss in network performance arising from noncooperative behavior, and for designing networks that exhibit good performance when used selfishly. Michael Kearns discussed how classical game theory must be augmented with compact representations of multiplayer matrix games in order to analyze large, multi-agent systems. These representations, with algorithms that exploit them, are a prerequisite to game theoretical applications of multiagent and Internet applications. David Parkes described the benefits of indirect revelation mechanisms in systems where resource-bounded agents do not need to compute or reveal complete information about their preferences in order to implement equilibria strategies. His summary included results for combinatorial allocation problems and for multiattribute negotiation. This was a wonderfully interesting and very informative symposium with a good deal of interaction between the audience and speakers. – Warren Page

February 12 – 17, 2004 AAAS Annual Meeting in Seattle, WA Section A's Committee is currently working to produce an informative blend of mathematically related symposia for this meeting. Potential proposals, based on current efforts, include the following:

Mathematical Issues in the Geosciences (Clint Dawson)
Inverse Problems (Gunther Uhlmann)
Photonic Crystals (Alejandro Aceves)
Evolutionary Game Theory (Donald Saari)
The Changing Nature of Proof in Mathematics (Warren Page)
Mathematics of Graphics and Vision (James Kajiya)
Mathematics and Blood Flow (Sunny Canic)

The officers of Section A gratefully acknowledge AMS' annual support for these important initiatives.

Epsilon Awards to Mathcamps, 2003		
All Girls/All Math	University of Nebraska, Lincoln, NE	\$ 5,000
Canada/USA Mathcamp	Mathematics Foundation of America	\$12,000
Hampshire College Summer Studies in Mathematics (HCSSiM)	Hampshire College, Amherst, MA	\$15,000
PROMYS	Boston University	\$15,000
Ross Mathematics Program	The Ohio State University	\$10,000
Stanford University Mathematics Camp (SUMaC)	Stanford University	\$ 9,000
SWT Honors Summer Math Camp	Southwest Texas State University	\$ 9,000
University of Chicago Young Scholars Program	University of Chicago	\$ 5,000
TOTAL		\$80,000

*Diane Boumenot
Manager, Membership & Program
April 2003*

CHARGE TO THE ECBT NOMINATING COMMITTEE

The standing committee of the EC and BT, called the ECBT Nominating Committee, consists of the third year elected member of the BT, the third-year elected member of the EC, and the Chair of the Council's Nominating Committee. The chair is the trustee.

1. **Associate Secretaries:** This Committee evaluates current Associate Secretaries and receives recommendations about these positions. It should consult the Secretary about these appointments. It should report on its recommendations for reappointments to the November ECBT for forwarding to the January Council meeting a full year before the term expires.
2. **Associate Treasurer:** When considering the Associate Treasurer position, the Committee is augmented by the Treasurer. This augmented Committee evaluates the current Associate Treasurer and receives recommendations about this position. It should report on its recommendations for reappointment to the November ECBT for forwarding to the January Council meeting a full year before the term of office expires.
3. **Secretary:** When considering the Secretary, this Committee is augmented by the Treasurer. This augmented Committee evaluates the current Secretary and receives recommendations about this position. It should consult the President. It should report on its recommendation for reappointment to the November ECBT for forwarding to the January Council meeting a full year before the term of office expires.
4. **Treasurer:** When considering the Treasurer, this Committee is augmented by the Secretary. This augmented Committee evaluates the current Treasurer and receives recommendations about this position. It should consult the Associate Treasurer. It should report on its recommendations for reappointment to the November ECBT for forwarding to the January Council meeting a full year before the term of office expires.

When a replacement is needed, the ECBT forms a search committee that reports directly to the ECBT. Insofar as possible, just as with recommendations about reappointments, all such Search Committees make recommendations concerning any replacement to the November ECBT for forwarding to the January Council meeting, a full year before the term of office expires.

When considering reports on officers and making further recommendations to the Council, the EC and BT will consist of one Committee and voting will be by majority (i.e., the EC and BT will together form the nominating committee for these positions).

The September 1992 Council requested that the ECBT Nominating Committee provide the Council with a review of the performance of the individuals it recommends for reappointment.

Authorization

Council minutes of August 1991, item 6.1

Council minutes of September 1992, item 3.5.1

Council minutes of January 1996, item 3.3.8

ECBT minutes of May 2002, item 2.17

Council minutes of January 2003, item 4.9.1

The following information is provided to assist the Audit Committee in fulfilling its duties.

Audit Committee Charge

General Description

- Committee is a standing committee of the Board of Trustees.
- Number of members is three, consisting of the Treasurer, the Associate Treasurer, and the Chair of the Board of Trustees. The Chair of the Board of Trustees may expand membership to include the entire Board.
- The Chair is the Treasurer.

Responsibility

The Committee's primary responsibility is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the audit of the Society's books and records; and (ii) the system of internal controls that the Society has established. The Committee should have a clear understanding with the outside auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the outside auditors is to the Board and the Committee. The Committee will make regular reports to the Board concerning its activities.

Principal Activities

The Audit Committee meets annually with the outside auditors to review the annual audit of the financial statements, report their findings to the full Board. A written report of their findings is prepared for inclusion in the minutes of the applicable meeting of the Board.

During the course of their work they endeavor to determine that the auditors were independent, that they conducted their audit in accordance with generally accepted professional standards, that their audit complied with any applicable governmental regulations, that they were given access to all the books and records of the Society, and that staff were responsive to all reasonable requests for information and assistance.

Other Activities

From time to time, the Audit Committee may require and oversee a change in auditing firms, conduct or oversee independent investigations into accounting matters, and otherwise carryout functions consistent with their overall responsibilities and the requirements of the Board of Trustees.

Staff Support and Liaison

The Chief Financial Officer and the Executive Director are responsible for working with the Committee and providing assistance to the Committee when deemed necessary.

Miscellaneous Information

12/70 ECBT Minutes, pg. 7, #39

The Board of Trustees approved the recommendation of the Treasurer that a Committee on the Audit be established, the members be appointed from the Board with the Treasurer and Assistant Treasurer not being eligible for appointment.

11/89 ECBT Minutes, pg. 14, #7.10

The Board of Trustees approved the ABC's recommendation that the third and fourth year Trustees serve on this Committee.

5/90 ECBT Minutes, pg. 6, #3.8

The Board of Trustees approved the ABC's recommendation that the members of the Audit Committee be the Chair of the Board of Trustees and the Treasurer.

11/02 ECBT Minutes, pg. 12, #3.6

The Board of Trustees approved the revised charge for the Audit Committee and the option to expand membership of the Committee to the entire Board of Trustees, at the discretion of the Chair of the Board.

Note to the Chair

Committee chairs should be informed, at the beginning of each fiscal period, the budget of their committees and cautioned to remain within the budget. Such items as travel reimbursement to, accommodations for, and meals for guests of any kind fall within these budgets.

Work done by committees on recurring problems may have value as precedent or work done may have historical interest. Because of this, the Council has requested that a central file system be maintained for the Society by the Secretary. Committees are reminded that a copy of every sheet of paper should be deposited (say once a year) in this central file. Confidential material should be noted, so that it can be handled in a confidential manner.

ORGANIZATION MANAGEMENT, INC.
A Special Report From The Non-Profit Legal & Tax Letter

NON-PROFIT AUDIT COMMITTEES

by Hugh K. Webster

Webster, Chamberlain & Bean

INTRODUCTION

The recent financial scandals involving Enron, Worldcomm, Adelphia, and other public companies has once again focused attention on boards of directors and their obligation to exercise oversight. A large aspect of this, of course, is financial oversight, including interaction between a board of directors and the organization's outside auditor. In fact, many non-profit boards traditionally have little interaction with the organization's auditors, but this appears to be changing.

This *Special Report* presents two tools to aid organizations wishing to guide their boards in better fulfilling their fiduciary obligations with respect to financial oversight. One is a sample charter/duties statement for an audit committee, and the other is a checklist of tasks for an audit committee. These can be used by an organization in creating an audit committee or in revitalizing or refocusing an existing audit committee, or in providing guidance to an existing finance or executive committee that serves the function of an audit committee.

I. NON-PROFIT AUDIT COMMITTEE CHARTER

The Audit Committee ("the Committee"), of the Board of Directors ("the Board") of the Non-Profit Organization ("the Organization") will have the oversight responsibility, authority, and specific duties as described below.

COMPOSITION

The Committee will be comprised of three or more directors as determined by the Board.

RESPONSIBILITY

The Committee is a part of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the audit of the Organization's books and records; and (ii) the system of internal controls that the Organization has established. The Committee should have a clear understanding with the outside auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the outside auditors is to the Board and the Committee. The Committee will make regular reports to the Board concerning its activities.

AUTHORITY

Subject to the prior approval of the Board, the Committee is granted the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Organization. In that regard, the Committee will have access to the Organization's external professionals to render advice and counsel in such matters.

MEETINGS

The Committee is to meet at least four times annually and as many additional times as the Committee deems necessary. Content of the agenda for each meeting should be cleared by the Committee Chair. The Committee is to meet in separate executive sessions with the outside auditors at least once each year and at other times when considered appropriate.

ATTENDANCE

Committee members will strive to be present at all meetings.

SPECIFIC DUTIES

In carrying out its oversight responsibilities, the Committee will:

1. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.
2. Review with the Executive Director and outside auditors the Organization's accounting and financial reporting controls. Obtain annually in writing from the outside auditors their letter as to the adequacy of such controls.
3. Review with the Executive Director and outside auditors significant accounting and reporting principles, practices and procedures applied by the Organization in preparing its financial statements. Discuss with the outside auditors their judgments about the quality, not just the acceptability, of the Organizations accounting principles used in financial reporting.
4. Review the scope and general extent of the outside auditors' annual audit. The Committee's review should include an explanation from the outside auditors of the factors considered by the accountants by determining the audit scope, including the major risk factors. The outside auditors should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures. The Committee will review annually with the Executive Director the fee arrangement with the outside auditors.
5. Inquire as to the independence of the outside auditors and obtain from the outside auditors, at least annually, a formal written statement delineating all relationships between the outside auditors and the Organization, including other consulting work being performed by the outside auditors for the Organization.
6. At the completion of the annual audit, review with the Executive Director and the outside auditors the following:
 - Results of the audit of the financial statements and the related report therein and, if applicable, a report on changes during the year in accounting principles and their application.

- Significant changes to the audit plan, if any, and any serious disputes or difficulties the Executive Director encountered during the audit. Inquire about the cooperation received by the outside auditors during their audit, including access to all requested records, data and information. Inquire of the outside auditors whether there have been any disagreements with the Executive Director which, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the Organization's financial statements.
 - Other communications as required to be communicated by the outside auditors by Statement of Auditing Standards (SAS) 61 as amended by SAS 90 relating to the conduct of the audit. Further, receive a written communication provided by the outside auditors concerning their judgment about the quality of the Organization's accounting principles, as outlined in SAS 61 as amended by SAS 90, and that they concur with the Executive Director's representation concerning audit adjustments.
7. Discuss with the Executive Director the quality of the Organization's financial and accounting personnel. Also, elicit the comments of the Executive Director regarding the responsiveness of the outside auditors to the Organization's needs.
 8. Meet with the Executive Director and the outside auditors to discuss any relevant, significant recommendations that the outside auditors may have, particularly those characterized as "material" or "serious." Typically, such recommendations will be presented by the outside auditors in the form of a "Letter of Comments and Recommendations to the Committee." The Committee should review responses of the Executive Director to the "Letter of Comments and Recommendations" from the outside auditors and; receive follow-up reports on action taken concerning the aforementioned recommendations.
 9. Recommend to the Board the selection, retention or termination of the Organization's outside auditors.
 10. Generally as part of the review of the annual financial statements, receive an oral report(s), at least annually, from the Organization's general counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

II. NON-PROFIT AUDIT COMMITTEE CHECKLIST

A. REVIEW WITH OUTSIDE AUDITORS

- _____ 1. The annual financial statements and related footnotes and financial information to be included in the annual report to members.
- _____ 2. The scope and general extent of the outside auditor's annual audit. The Committee's review should include an explanation from the outside auditors of the factors considered by the accountants in determining the audit scope, including the major risk factors. The outside auditors should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures.
- _____ 3. Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
- _____ 4. Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the outside auditors during their audit, including access to all requested records, data and information.

Inquire of the outside auditors whether there have been any disagreements with staff which, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the organization's financial statements.

- _____ 5. Receive a written communication provided by the outside auditors concerning their judgment about the quality of the staff's accounting principles and that they concur with management's representation concerning audit adjustments.
- _____ 6. Obtain annually in writing from the outside auditors their letter as to the adequacy of internal controls.

Meet with the Executive Director and the outside auditors to discuss any relevant significant recommendations that the independent accountants may have, particularly those characterized as "material" or "serious."

The Committee should review responses of staff to the "Letter of Comments and Recommendations" from the independent accountants and receive follow-up reports on action taken to resolve the aforementioned recommendations.

- _____ 7. Inquire as to the independence of the outside auditors and obtain from the outside auditors, at least annually, a formal written statement delineating all relationships between the outside auditors and the organization.
- _____ 8. Review significant accounting and reporting principles, practices and procedures applied by the organization in preparing its financial statements. Discuss with the outside auditors their judgments about the quality, not just the acceptability, of the organization's accounting principles used in financial reporting.
- _____ 9. Private session with outside auditors.

B. EXECUTIVE DIRECTOR

- _____ 1. Review with the Executive Director and the outside auditors the methods used to establish and monitor the organization's policies with respect to unethical or illegal activities by organization employees that may have a material impact on the financial statements.
- _____ 2. Generally, as part of the review of the annual financial statements, receive an oral report(s), at least annually, from the organization's general counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

C. AUDIT COMMITTEE ACTIONS

- _____ 1. Recommend to the Board the selection, retention or termination of the organization's outside auditors.
- _____ 2. Reassess the adequacy of the committee charter and recommend any proposed changes to the board for approval.
- _____ 3. Discuss with the outside auditors the quality of the organization's financial and accounting personnel. Also, elicit the comments of the Executive Director regarding the responsiveness of the independent accountants to the organization's needs.
- _____ 4. Subject to the prior approval of the Board, arrange for and monitor special investigations as the need may arise.

AMERICAN MATHEMATICAL SOCIETY

To: John Ewing, Gary Brownell **Date:** March 7, 2003
From: Connie Pass
Subject: Operating Fund Portfolio Management Report

SUMMARY RETURNS

The purpose of this memorandum is to summarize the Society's cash management policies and report on the operating portfolio's investment income performance during 2002.

Investment earnings results by type and in total and other pertinent portfolio information for 2002 and the preceding five years are as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Overnight Repurchase Agreements	N/A	N/A	N/A	N/A	2.0%	2.7%
Money Market Funds	1.7%	4.2%	5.2%	4.9%	5.3%	5.3%
Vanguard Fixed Income Mutual Funds	11.0%	6.7%	13.7%	(2.4%)	9.3%	9.5%
High Yield Bond Funds (from 5/97)	(13.7%)	(0.7%)	(6.9%)	5.6%	1.4%	11.3%
Vanguard Convertible Securities (from 1/98)	(9.4%)	(3.1%)	4.2%	30.4%	2.5%	N/A
2 Year Treasuries (from 6/97)	N/A	N/A	N/A%	5.8%	5.7%	4.2%
Certificates of Deposit & T-Bills	3.0%	6.0%	6.4%	5.4%	6.0%	5.8%
Common Stock	(14.4%)	(25.47%)	0.0%	(2.5%)	(8.5%)	42.8%
Annual total portfolio return	2.4%	4.4%	6.4%	5.1%	5.5%	6.8%
AMS benchmark - Avg 6 month CD rate per Federal Reserve Bank of NY	1.8%	3.7%	6.6%	5.4%	5.4%	5.7%
AMS returns versus benchmark	0.6%	0.7%	(0.2%)	(0.3%)	0.1%	1.1%
Wkly Average Operating Portfolio (in 000's)	11,967	\$11,510	\$9,525	\$8,800	\$8,300	\$6,900
Annual Investment Income (in 000's)	\$262	\$509	\$611	\$452	\$467	\$472

At 12/31/02 operating fund investments equaled approximately \$13,537,000, a decrease of \$412,000 from the previous year. However, operations provided significant cash flows in 2002, as \$2,600,000 in cash was transferred to the long-term investment portfolio during the year.

At the May 1996 ECBT meeting it was agreed that the Society should have as a goal an accumulation of current assets such that they exceed current liabilities. To help achieve this objective, at the May 1997 ECBT meeting a plan for the creation of an intermediate term investment portfolio was adopted. Increases of \$1,000,000 (to \$4,000,000) in our money market funds, \$1,000,000 (to \$2,000,000) in our Vanguard fixed income funds, and \$500,000 (to \$1,500,000) in Treasury Notes were approved. In addition, a \$1,500,000 combined limit for other mutual funds, consisting of high yield and convertible bond funds, was established at this time. In May 2000, the limits for money market funds, fixed income funds and the high yield/convertible funds were each increased by \$500,000. At the May 2002 ECBT meeting, the limit on the money market fund was increased to \$5,500,000, primarily to accommodate the larger investment balance carried in the operating portfolio.

The strategy of using an intermediate portfolio has occasionally resulted in greater volatility, but overall has generated an increase in the earnings of our operating fund investments. By shifting a

larger portion of operating fund investments into slightly riskier investment vehicles we have, on average, increased our earnings over the last few years.

However, in 2002, we reduced the amount in the intermediate portfolio due principally to poor performance in the high yield bond investment. We also rebalanced the remaining bond fund investments to prepare for a probable decline in the value of long-term treasuries in the coming months.

The return for 2002 is 60 basis points above the benchmark, the average annual 6-month CD rate per the Federal Reserve Bank of New York. Note that the benchmark has been changed from the 3-month CD rate reported in previous years, as this is a better length of maturity for comparison purposes with our portfolio and the information is now easily retrievable.

DISCUSSION

Changes in the Cash Management Environment:

The equity markets had another dreadful year in 2002. While some of the weaknesses in the economy appeared to be recovering at various points in the year, the uncertainty caused by the possible war with Iraq and ongoing concerns over terrorism continue to batter the equity markets. Corporate earnings reports and forecasts for 2003 remain relatively glum. The S&P 500 lost 22.1% for the year and the NASDAQ Composite lost 31.5% for the year. Interest rates remained at historic lows in 2002. Our operating portfolio fared reasonably well in this environment, with an overall positive return on approximately 2.4%. The intermediate portion and the remainder of the operating portfolio provided substantially the same return in 2002.

While this return is substantially lower than in previous years, it was still a net positive return and better than benchmark. We were able to capitalize on the higher CD rates obtained late in 2001 (higher than were the norm for 2002). The High Yield Bond fund continued to do poorly and was liquidated; the Convertible Securities fund was not as adversely affected as true equities. These poor performances were made up for by the Vanguard Bond funds, which all did well in the current interest rate environment. Together, the net return on the intermediate portfolio was about 2.4%. In the last quarter of the year, the mix of the Vanguard Bond funds was adjusted to the shorter duration funds, as current yield curves indicate that the longer duration funds are currently overvalued and will suffer a decline in the coming months.

At the end of 2002, the operating portfolio is more heavily weighted in the more secure and lower yield investment vehicles than in prior years (CD's and money market funds). This is reflective of the significant uncertainty in the markets and the economy.

Cash Management at the AMS:

The following rules govern AMS's management of cash:

1. Availability and Liquidity: The placement of investments in the operating portfolio is coordinated with the Society's immediate and estimated future cash requirements, which are based on actual and projected revenue and disbursement streams. Cash needs to be available at the appropriate times to cover the operating expenses of the Society as they are incurred - payroll, payroll taxes and other withholdings, and vendor liabilities comprise the bulk of our cash needs. Adequate portfolio liquidity is the ability to turn investments readily into cash without suffering undo loss of principal.

2. Income: Cash in excess of immediate operating needs should be invested so as to optimize returns. The Society is intentionally accreting such excess cash, so that the ratio of current assets to current liabilities is at least 1.5 to 1 (after removing the deferred revenue from both the numerator and denominator).

3. Preservation of principal: Safety is of prime concern in investments of operating capital. Diversifying investment vehicles and monitoring investment maturity dates and market value fluctuations greatly reduces an investment portfolio's exposure to risk. Maximum allowable positions should be established for different types of investments.

The investment vehicles currently used by the AMS are:

- High Yield and Convertible Bond Mutual funds. During the spring of 1997 the BT authorized these new investment vehicles for use by the operating funds of the Society. Currently the maximum investment allowed is \$2,000,000 in any combination of high yield bond and convertible securities accounts. At December 31, 2002 we had \$692,000 invested in these vehicles (see following table). Gains or losses technically are not realized on these funds until they are redeemed, although, for financial statement purposes, the Society records these investments at market. We sold the Society's position in the high yield bond fund in 2002 due to its poor performance in the current economic conditions.

Issuer	Strong Funds and Vanguard
Risk of default	Medium to High
Risk of market decline	Sensitive to movements in the equity markets
Maximum Amount	\$2,000,000
Comments	Total returns often parallel those of equity markets.

- Fixed Income (Bond) Mutual funds. The BT has authorized a maximum investment of \$2,500,000 in fixed income mutual funds (exclusive of reinvested income and share price increases), and at the end of 2002 we had \$2,471,000 invested. All of these investments are with the Vanguard Group of Valley Forge, Pa. A combination of three funds is used: the High Grade Short-Term Corporate Bond portfolio, the GNMA portfolio, and the Long-Term US Treasury portfolio. Historically, most of the volatility in the Society's short-term portfolio has been the result of market valuation adjustments on these investments (they are marked to market monthly); however, gains or losses technically are not realized on these funds until they are redeemed. As interest rates continue to decline during 2002, most of these funds increased in market value due to interest rate differences and the relative safety of the underlying investments. In 2002, the relative mix of these investments was changed to be more heavily weighted to the Short-Term Corporate Bond portfolio and less weighted in the Long-Term US Treasury portfolio, due to expected valuation adjustments on the longer term portfolio expected to occur in the next year.

Issuer	The Vanguard Group
Risk of default	Minimal
Risk of market decline	The longer the maturities of underlying investments, the higher the risk.
Maximum Amount	\$2,500,000
Comments	Market value will decline as interest rates rise and increase as rates fall.

It should be noted that in May 2002, the Board of Trustees modified the limit to state that, if the limit is exceeded solely due to reinvested dividends and/or market increases in the share values, it shall not be deemed to be a violation of the limit so long as the excess is brought to the attention of the Treasurer and Associate Treasurer in a timely manner; and to the full Board of Trustees at its next meeting.

- US Treasury Notes. The BT has authorized a maximum investment of \$1,500,000 in US Treasury Notes. A loss of market value may be incurred on these investments in a rising interest rate environment if funds are needed before maturity and have to be sold; however this risk is slight as the Society's liquidity is deemed extremely adequate. Treasury Notes can be an attractive investment when interest rates are expected to decline and the yield curve is fairly steep. During 1997 we purchased four \$100,000, 2 year Notes yielding an average of about 6%. These were retained in 1998 and matured in 1999. No further purchases were made due to the interest rate environment.

Issuer	U.S. Government
Risk of default	None
Risk of market decline	None if held to maturity
Maximum Amount	\$1,500,000
Comments	Best used just before interest rates decline

- Certificates of Deposit. As in prior years, a large percentage of the Society's operating investment portfolio has been invested in certificates of deposit, with a weekly balance totaling between 35%-45% of the total portfolio during 2002.

We generally purchase "jumbo" CD's of federally insured savings institutions and commercial banks that are assigned an acceptable safety rating by a weekly bank rating newsletter. Current investment policies limit the amount of each CD to \$100,000 (exclusive of accrued interest) per S&L and \$400,000 per large commercial bank. In practice, the Society has only invested amounts up to \$100,000 in any one financial institution and its affiliates. There is no limit to the total amount of CDs that can be held by the operating investment portfolio.

Issuer	Banks & Savings and Loans
Risk of default	None - federally insured
Risk of market decline	None
Maximum Amount	\$100,000 per bank or S&L, Unlimited in total

While the rate differential between money market rates and CD rates is quite narrow, we intentionally accumulated a large CD balance at the end of 2002 in order to maintain the money market balance below the maximum level and to increase the yield for 2003, even if slightly. In practice, the Society can accumulate a portfolio between \$4,000,000 and \$6,000,000 with a rate differential compared to money market funds of at least 50 basis points. After that, the difference in rates over money markets drops significantly, which usually does not warrant the additional administrative burden to the Society.

- Money market funds. The BT has authorized a maximum investment of \$5,500,000 in money market funds. At the end of 2002 the balance in money markets approximated \$5,058,000, principally in Vanguard's Money Market Prime portfolio. Yields on the funds averaged about 1.7% for the year. There is very little risk to principal because the valuation of the initial investment is generally not subject to change. Balances in these funds are generally maintained only at levels needed for short-term operating needs in excess of short-term

maturities, since they under-perform alternative authorized investment vehicles. With such a small rate differential between CD's and money market rates (currently about 35 basis points for available issuers), the money market balance is slightly in excess of immediate needs.

Issuer	Vanguard, Fidelity and Paine Webber
Risk of default	Minimal
Risk of market decline	None
Maximum Amount	\$5,500,000

- Treasury Bills. T-Bills are convenient to use when we have a large planned expenditure for a predetermined future date, such as contributions to the Economic Stabilization Fund; however, better rates are available on alternative forms of short-term operating investments. Treasury Bills have no market risk associated with them because they are backed by the full faith and credit of the US government, and they are highly liquid; accordingly, there is no limit to the total amount of T-Bills we hold in our portfolio.

Issuer	U.S. Government
Risk of default	None
Risk of market decline	None if held to maturity
Maximum Amount	Unlimited

- Cash and repos (repurchase agreements). The AMS uses a concentration account at Citizens Bank - Massachusetts into which all receipts are automatically deposited and from which all disbursements are made. In prior years, cash above a minimum balance was "swept" on a daily basis and invested overnight in repurchase agreements. Under a repurchase agreement, the AMS purchased government securities and the bank agreed to "repurchase" them the following day. The rate on these depends on the dollar amount of the repo; it is generally very low in comparison to rates available on other investment vehicles. We therefore limited funds available for overnight investment to only those that are deemed necessary for immediate operations. During 1996 the AMS increased its minimum balance requirements to provide a larger earnings base against which the bank offsets its fees. This resulted in a significant decline in activity in this account during 1996 through 1998, as well as lower bank fees. In 1999, we cancelled the repurchase agreement, as any activity occurred only when adjusting the long term portfolio and the monthly fee to maintain the agreement was significantly greater than any earnings. It is not expected that we will use this investment vehicle in the near future.

Issuer	Citizens Bank - Massachusetts
Risk of default	Minimal
Risk of market decline	None
Maximum Amount	\$1,000,000
Comments	Collateralized by US Gov't securities

Summary of Operating Portfolio Investments, December 31, 2002:

<u>Description</u>	<u>Value at 12/31/02</u>	<u>Board Limit</u>	<u>Excess of Limit</u>
Money Market Funds	\$5,057,815	\$5,500,000	NA
Certificates of Deposit	5,289,029	\$100,000 per inst.	NA
Treasury Notes		1,500,000	NA
Vanguard Bond Funds:			
GNMA Portfolio	1,022,916		
Short-term Bond Portfolio	1,025,216		
LT US Treasury Portfolio	<u>422,473</u>		
Subtotal	<u>2,470,605</u>	2,500,000 (1)	NA
High Yield and Convertible Funds:			
Strong High Yield			
Vanguard Convertible	<u>691,653</u>		
Subtotal	<u>691,653</u>	2,000,000	
Common Stock	<u>28,821</u>	Source is Unrestricted gifts	NA
Total	<u>\$13,537,923</u>		

(1) Limit is exclusive of reinvested dividends and share price increases. See discussion above.

Report to Spring 2003 Council and ECBT

State of AMS, 2003

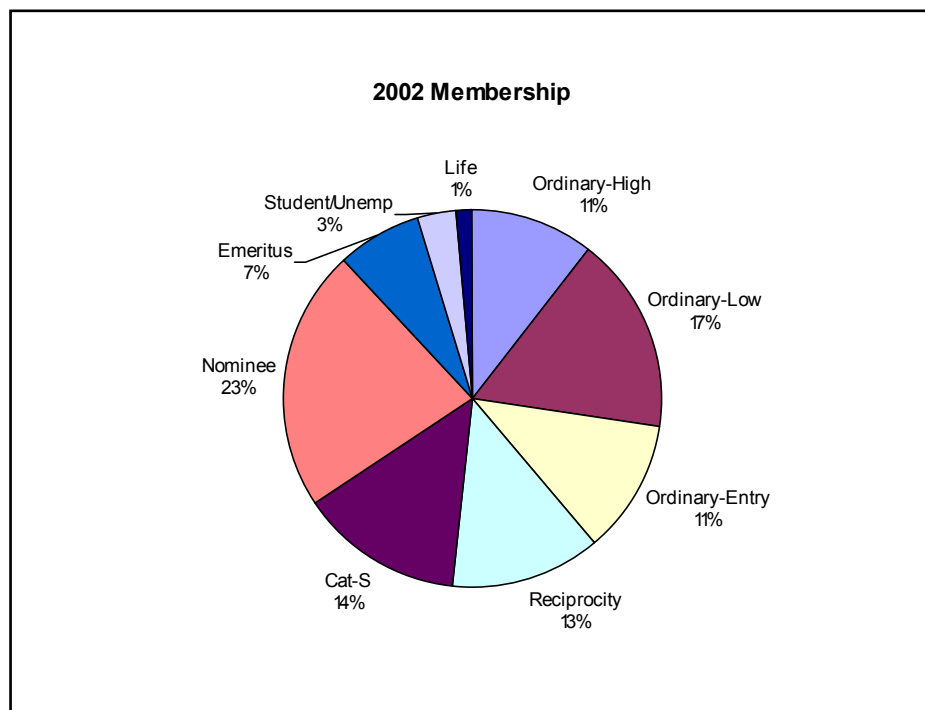
Most members think of the American Mathematical Society as an organization that *does* things—it represents their interests on matters of policy, holds meetings, awards prizes and scholarships, publishes books and journals, delivers *Mathematical Reviews*, provides employment services, conducts surveys ... and generally supports mathematics research. Most people don't care precisely how these things get done; they merely rely on the Society to do them.

In this year's annual report, I want to tell you about *how* things are done rather than *what* is done. I will use this year's report to explain the structure of the AMS—that is, how the Society is organized in order to carry out its work.

It's a different view of the AMS, but a view that is worth seeing from time to time.

Overview

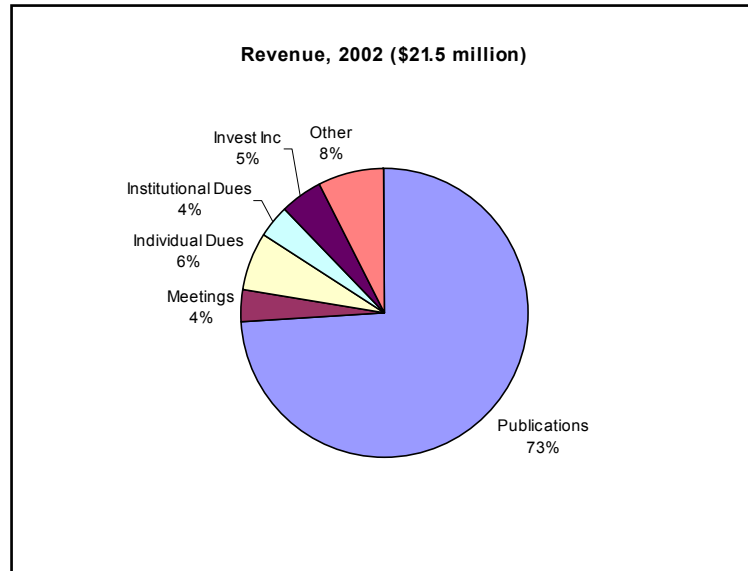
The AMS has over 27,000 members. More than a third of our members are international; about one-fourth are students. It's important to remember that there are many kinds of members—ordinary, life, emeritus, reciprocity, cat-S¹, etc. Over 7,000 of our members are nominees (that means they are appointed by their institutions as a benefit of institutional membership). Over 500 institutional members appoint those nominees.



¹ Category-S members are from developing nations and pay dues of \$16 (or equivalently write two reviews for *Mathematical Reviews*) each year for member benefits that include either the *Bulletin* or the *Notices*.

Report to Spring 2003 Council and ECBT

Operations of the Society generated more than \$21M in revenue during 2002. Most of that (73%) came from publications related activities. Only \$1.4M (6.5%) came from individual member dues, and only 4% came from meetings. Grants typically account for 3-4% of our revenue, but since expenses associated to the grants almost always exceed the grants themselves, they seldom contribute to the Society's general operations.



For the first time in 2002, we used "income" from a portion of the reserves to support operations, allocating approximately \$800,000 for that purpose. Our total reserves at the end of 2002 were slightly more than \$38M, including \$6.4M in the actual endowment and \$31.6M in the quasi-endowment². Like many other institutions, we have experienced a dramatic drop in the value of our investments during the past several years.

At the start of 2003, the AMS is healthy. Membership is reasonably steady (with some decrease in reciprocity members, however). Publications are scientifically and financially robust. The Society has maintained and improved important services (the *Employment Center* and survey work) and expanded others (*Mathjobs* and support for *Young Scholars* programs). Visibility for mathematics has been greatly expanded, both by our substantial presence in Washington and by the Public Awareness Office. All these things, and many others, are signs of a vigorous organization.

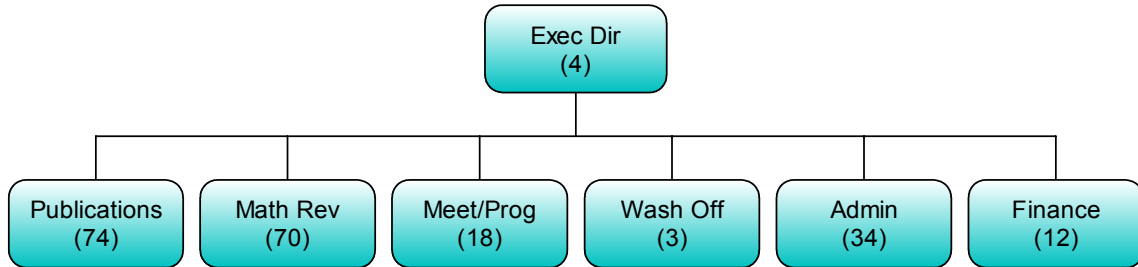
The Society is governed by the Council and the Board of Trustees, an arrangement that separates responsibility for scientific policy and finance between the two elected bodies along with their various committees. The job of the staff is to carry out the policy they set and to ensure that the Society's finances are sound (and remain so in the future).

² The endowment consists of funds that have been given to the Society for specific purposes (for example, prizes), restricting use to the intended purpose. The quasi-endowment consists of reserves—funds accumulated over time for future needs, but without restrictions on its use.

Report to Spring 2003 Council and ECBT

The AMS has approximately 215 employees (down from a high of 250 twelve years ago) who are organized into six divisions. The staff works from four different locations: its headquarters in Providence, a warehouse/printing plant in nearby Pawtucket,

Six Divisions of AMS



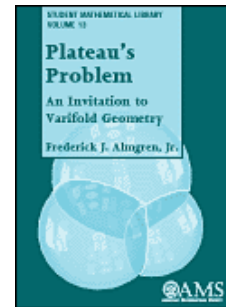
Mathematical Reviews in Ann Arbor, and the Washington office.

Publications

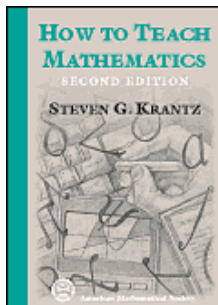
The Publications Division is the largest division at the AMS with approximately 73 employees in six departments. The Society publishes 12 journals and distributes an additional 8 for other publishers. Some are large (*Transactions* published 5,232 pages in 2002), and some are small (*Sugaku* published only 248 pages). Most are published in both print and electronic format. There were 29 new *Memoirs* last year totaling 3,448 pages.



The AMS also published over 100 new books in 2002, ranging from high-level research monographs and conference proceedings to elementary exposition for undergraduates. The Society has more than 3000 titles in print—an incredible



number of titles dating back into the first half of the twentieth century. It also produces a number of "administrative" publications such as the *Combined Membership List*, *Professional Directory*, *Employment Information in the Mathematical Sciences*, and (last year) the *World Directory of Mathematicians*.



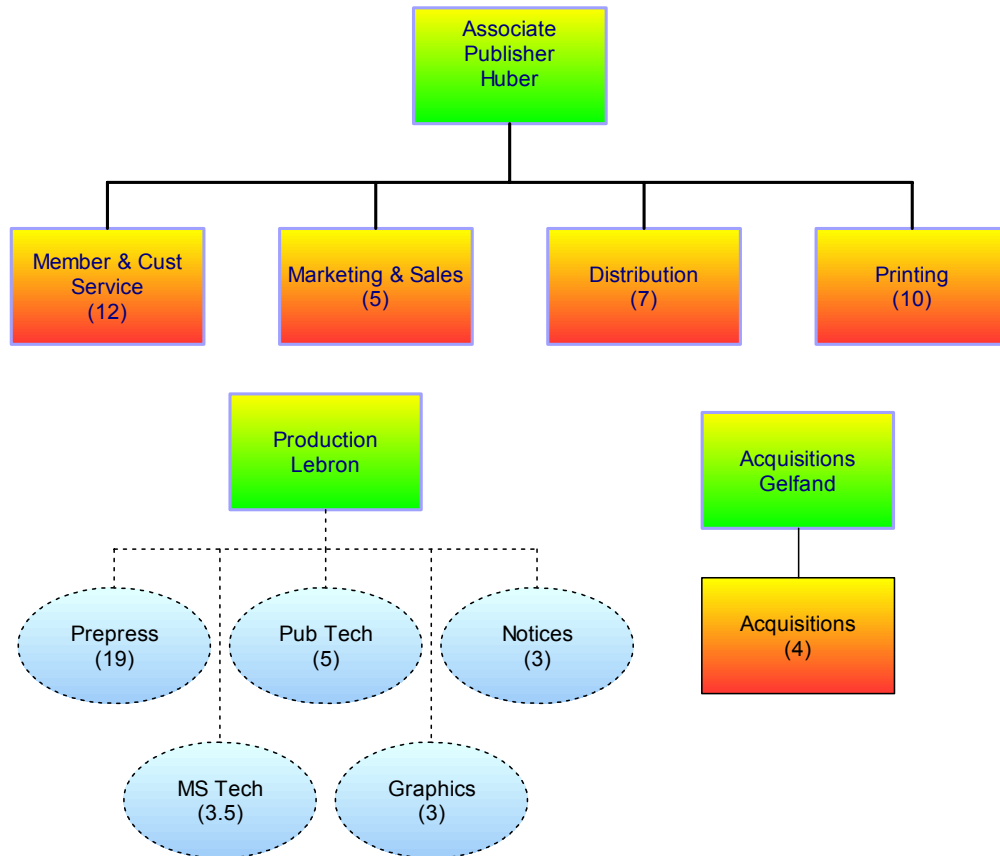
The Society sells all these books and journals to people and institutions around the world, including many thousands of mathematicians, universities, agents, and bookstores. The role of our online bookstore continues to expand, but delivery of scholarly publications is still a complicated business.

When mathematicians think of the publication program, they most often think about acquisitions and production—the departments that deal directly with authors. And indeed these departments include approximately half the staff of the division. But there are many other essential parts of Publications. Dealing with the thousands of customers, both individuals and institutions, requires a large

Report to Spring 2003 Council and ECBT



customer services staff, and marketing our publications requires considerable effort, especially in negotiating and monitoring distribution arrangements overseas. We maintain a large warehouse and distribution center in Pawtucket, Rhode Island, for the distribution of books and journals, and we ship hundreds of orders each day. Many members are unaware that the Society has its own printing and binding facility, designed specifically for the type of book and journal production at the Society. The majority of AMS printing is carried out in-house (although long-run jobs such as the *Notices* are done outside).



At the start of 2002, the Publications Division was reorganized, and the Executive Director now serves as Publisher (heading the division).

Report to Spring 2003 Council and ECBT

Mathematical Reviews

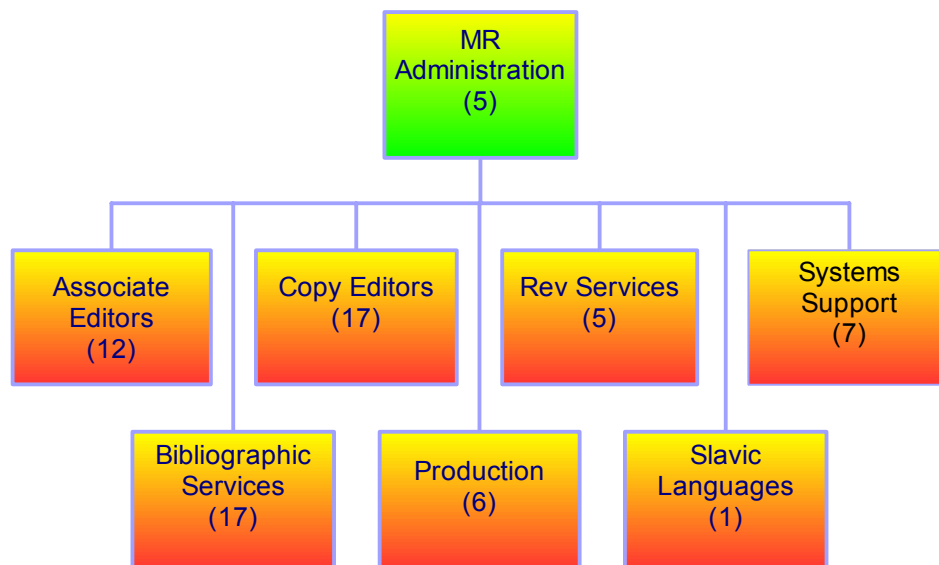
Almost every mathematician knows about *Mathematical Reviews*, a database of more than 1.9 million reviews of mathematics articles and books covering the literature from 1940 to the present. The database includes material from about 1800 journals and nearly 400,000 authors. It now includes links from the reviews to more than 230,000 original articles, allowing users to navigate the online literature, and it contains reference lists (again with links) for papers in approximately 100 journals going back to 1998. The reference lists already include more than 600,000 references.



Mathematical Reviews Building, Ann Arbor

Mathematical Reviews is not a journal—it is a database and the distinction is important. For many years, the large orange volumes sat on library shelves alongside indices that made searching the database possible (often with considerable effort). When the database was put online in 1996 as MathSciNet, it was considerably easier to use. Today, what previously required an afternoon of painstaking work can be done in minutes or even seconds. Even the job of writing papers is easier with the MR-Lookup tools for standardizing and linking references. An online database is a software application.

But while mathematicians use and admire MathSciNet, they often do not fully understand



the effort required to assemble the database and to make it accessible. In order to add the approximately 75,000 new items each year, more than 100,000 articles and books must be scanned. That requires a staff of 70 people in the Ann Arbor office of the AMS, who deal with hundreds of publishers, thousands of journals, and more than 10,000 reviewers. Like any major piece of software, MathSciNet is upgraded once each year, led by staff in

Ann Arbor and including computer staff in the Providence office as well. New tools and ideas for improving the database and its delivery are continually considered. This is a multi-million dollar effort that never stops.

And Math Reviews is like the rest of our publication program: there are many other essential parts hidden from view. Taking orders from customers, shipping the volumes, negotiating licenses for electronic delivery, maintaining access controls, providing help for online users—all are essential to the success of Math Reviews, and all are done by the same departments that do them for journals and books. In recent years, consortia have become an important part of Math Reviews subscriptions. Because of consortia, the number of institutions with access to Math Reviews has more than doubled over the past ten years. Negotiating and maintaining consortia is labor intensive, and it is carried out by staff in the Publisher's office.

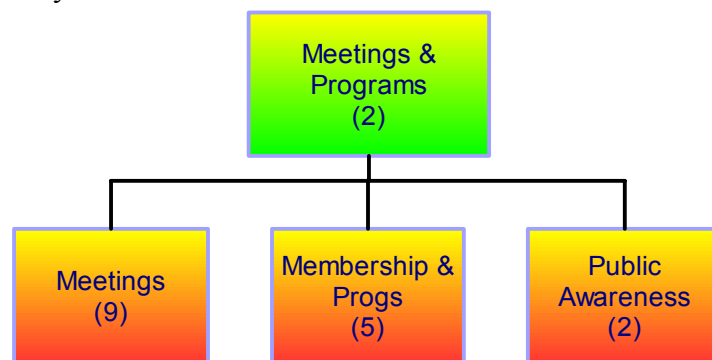


Otto Neugebauer,
Founder of Math Reviews

By any measure, Math Reviews is a thriving success—widely thought of as the signature product of the AMS. The Society is justifiably proud of that success.

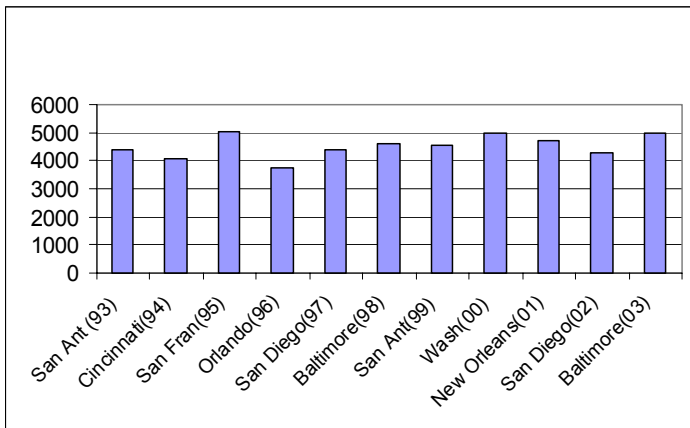
Meetings and Professional Services

When most people think of a scientific society, they think of the activities done in this division. Holding meetings, cultivating membership, providing services to the community, and promoting mathematics—this is the division that carries out the work of a *membership* society.



The Meetings Department supports one national meeting each year (held jointly with the Mathematical Association of America, as well as a number of other organizations). The Joint Meeting has grown in recent years, and the recent meeting in Baltimore set a record for the number of mathematicians attending. The department also supports eight sectional meetings, one or two joint international meetings, the summer research conferences, and various other functions (such as the Arnold Ross lecture, which is held at a science museum and directed at high school students). In the past few years, we have staffed MathFest in the summer as a sale of service to the MAA. Running a meeting of 5000

Report to Spring 2003 Council and ECBT



people is a tough job; our Meetings Department is known for its professionalism and service.

Membership and Programs has recently taken on the responsibility of "membership development," a task that is separate from day-to-day service to members. This is a department with a wide variety of tasks—the

annual surveys, the *Employment Center*, the new *Mathjobs* program, book donations, *Young Scholars*, the *Ky Fan China* program, the selection of summer conferences, support for the NSF and NSA postdoc panels, etc. During the current year, this department is also leading an effort to review and plan for future changes in the way we approach membership.

Last year's annual report to the Council concentrated on the Public Awareness Office. In just a few years, this part of the AMS has changed the way we approach outreach beyond our community. There is an increased presence of press at the Joint Meeting in January, and it will be crucial to nurture that increase. *Mathematical Moments* (one-page sheets designed to convey the importance of mathematical research) have been a great success and are widely admired and circulated. The popular *Who Wants to be a Mathematician* game shows have drawn enthusiastic audiences of high school students. The column *What's New in Mathematics* on our website is a wonderful resource. And many written materials, from brochures to newsletters, have explained the AMS to members and non-members alike. The Public Awareness Office is now an integral part of the Society's operations.



Washington Office

The Washington Office of the AMS is just a bit over ten years old, and it's hard to imagine how the Society would function without it. The most important function of the



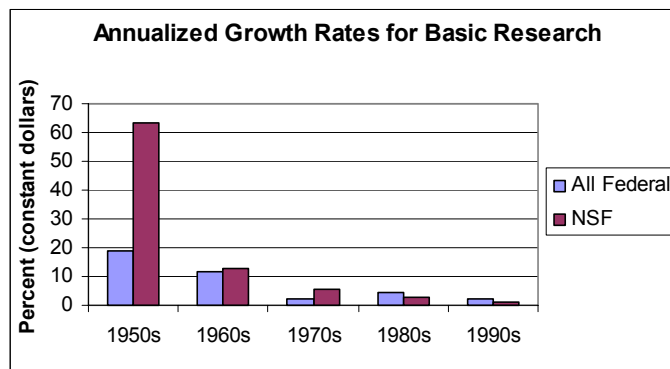
Sam Rankin and Rep. James Walsh, Recipient of 2002 Public Service Award

Office is to network with various groups in Washington—Congress and its staff, the agencies, and other scientific societies. Mathematics now has a visible presence in these communities and that presence serves our discipline well. Whether it is a public quote in *Science* by Sam Rankin, the head of our Washington Office, or a private phone call for advice about a pending bill, the many small ways in which mathematics is drawn into the affairs of Washington policy accumulate to a real advantage for mathematics.

In addition, there are many other projects carried out by the Washington Office each year, including support for the *Mass Media Fellows Program*, an annual *Congressional Luncheon*, the *Joint Public Service Award*, the *Department Chairs Workshop* (held at the Joint Meeting), prize breakfasts for the winners of the *Presidential Awards* (for high school teachers), our involvement in *Preparing Future Faculty*, and several education projects done jointly with the *Mathematicians and Educational Reform Forum (MER)*.



Philippe Tondeur, Ingrid Daubechies, David Eisenbud at 2002 Congressional Luncheon



We do all these things with a Washington Office staff that is nominally three people, but in fact almost always has been two in recent years. Monica Foulkes, Sam's extremely able assistant, will be retiring in 2003; we will all miss her.

Administration

Administration sounds boring. But running a moderately large organization depends on effective administration for everything from managing employees (the Human Resources department) to coordinating budgets and planning. Development work is carried out by this office in cooperation with the Executive Director's staff. The division is directed by the Deputy Executive Director, who stands in for the Executive Director when necessary.



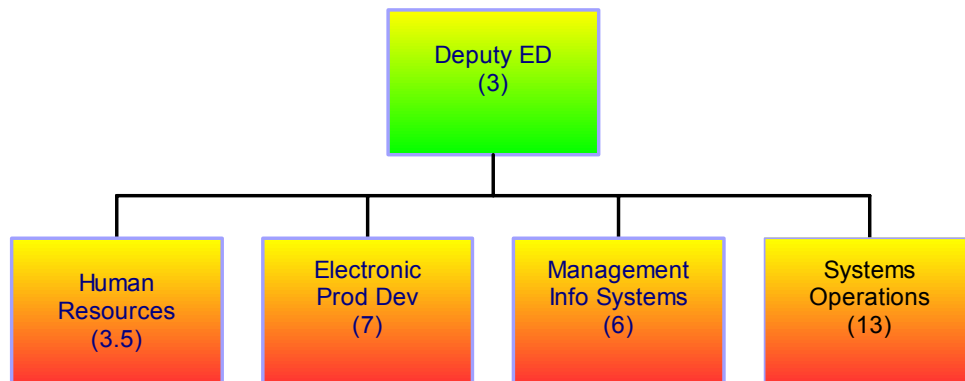
Giving to the AMS

Benefits of Giving

In our present organization, Administration also contains three of the four computing departments in the Society. (The fourth is at Math Reviews in Ann Arbor.) Electronic Product Development works on projects for *all* other parts of the Society, but spends much of its time on publications related activities. It maintains and updates the AMS website. Management Information Systems supports all the internal computer

Report to Spring 2003 Council and ECBT

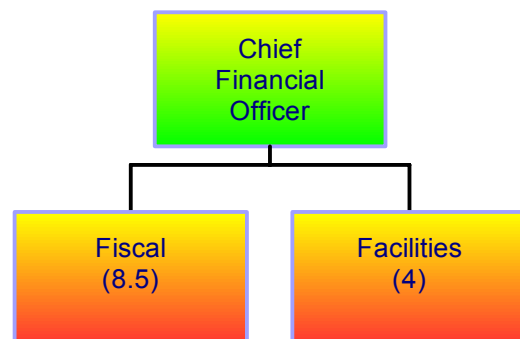
applications that are required by any large business today, integrating our customer database with every part of our operation. Its job is to make information available whenever it is needed—not an easy job in a complex business. Systems and Operations supports the computing environment in our Rhode Island Offices. It does everything from fine tuning our Internet connection (and fending off attacks from the outside) to supporting individual users of office applications. Again, in a modern business, this kind of computer support is crucial.



Finance

This is the other part of administration, and it includes the Facilities Department as well as the Fiscal Department (which deals with every aspect of our finances). This division is headed by the Chief Financial Officer.

The Facilities Department handles all aspects of our buildings and their support in Rhode Island. That includes a sprawling office complex in Providence as well as the warehouse-printing-plant in nearby Pawtucket. People who haven't thought about it are often surprised at what is necessary to maintain large facilities like this—everything from shopping for utilities to installing new office furniture to repaving parking lots to warding off flocks of nesting crows. Purchasing major equipment and supplies for a multi-million dollar publishing operation is a major job by itself.



Hille Conference Room, AMS Headquarters

The Society is a reasonably complicated business for the size of its budget. Because of its diverse activities, from publishing to policy, its finances are more complex than most businesses of its size. Much of its business is international, making those finances even more complex. And the rules

Report to Spring 2003 Council and ECBT

governing financial reporting for non-profit organizations are complicated as well. The Society has developed over the years extremely informative (and accurate) financial reporting.



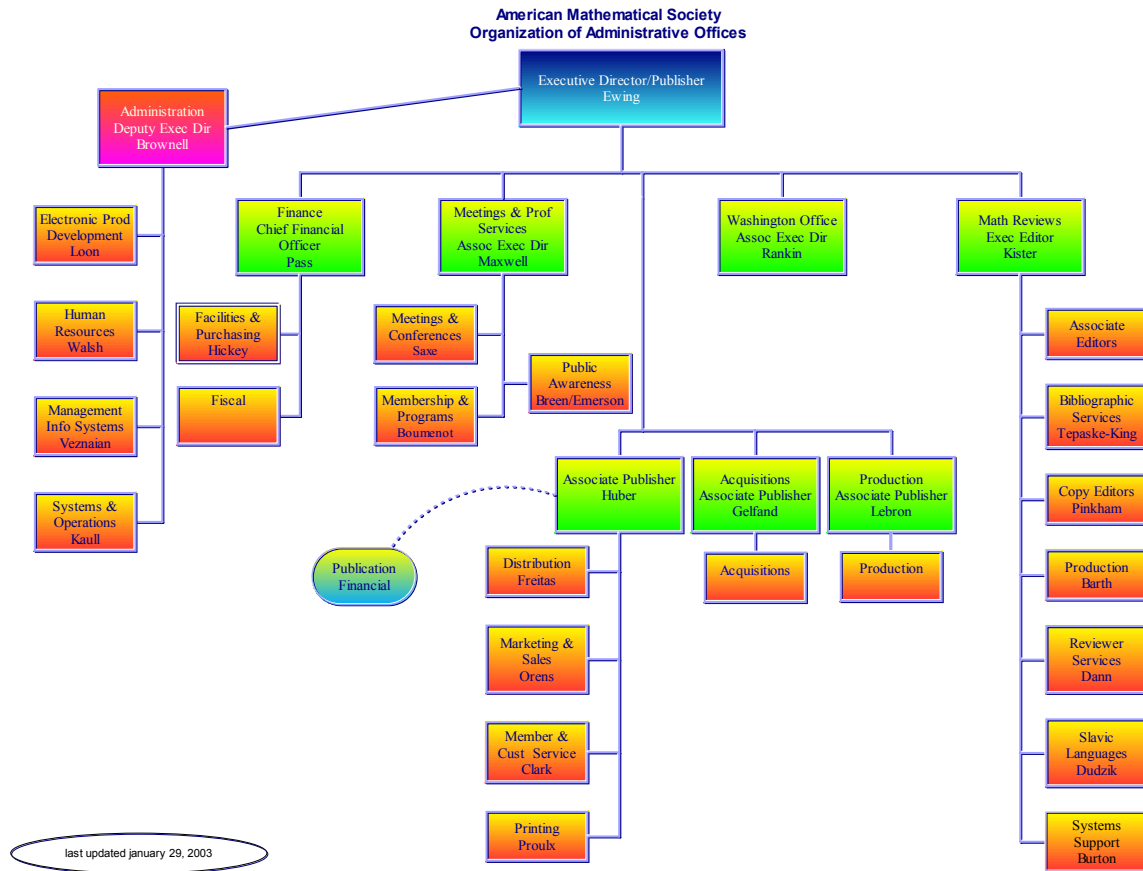
Dedication of the Radha G. Laha Gardens, AMS Headquarters

Other than the computing departments, our administrative structure is relatively small at the AMS—we view this as a virtue. Many people, especially in academic life, forget about the costs associated with administrative support—for electricity and water, for waste collection, for security at night, for mail delivery, for annual auditors, for legal advice, for workers insurance, etc. In universities, those services are embedded in everyday life and are part of the normal environment; they are easy to forget. In an organization such as ours, however, these are necessary and real ... and someone has to pay for them. This is why journals and books cost more than many expect.

The description above is meant to provide an operational view of the Society. It's not a static view (we move departments from one division to another from time to time), and it does not mention many important activities (in order to keep the description brief). But it is a description that is meant to show how the Society functions, day-by-day and year-by-year, carrying out its work both efficiently and flexibly in order to adjust to changing circumstances. That's something scientific societies must do, easily and often.

*John Ewing
Executive Director
April 2003*

Report to Spring 2003 Council and ECBT



Josephine M. Mitchell and Lowell I. Schoenfeld were mathematicians, she in analysis (several complex variables) and he in number theory (analytic). They were married for nearly 50 years. They wrote at least one paper together. They shared a love of the outdoors, which became even more intense in later years. Josephine Mitchell passed away at the end of 2000, and slightly more than one year later, Lowell Schoenfeld passed away as well. But this brief description of two intertwined lives is wholly inadequate, for in many ways these two mathematicians represented twentieth-century mathematics in America.



Josephine Mitchell grew up in Edmonton, Canada, and did her undergraduate work at the University of Alberta. Her interests at the time were history and mathematics. The mathematics professors persuaded her to study mathematics, which at the time some viewed as an uncommon field for women. She graduated in 1934 and eventually went on to get her Master's and Ph.D. from Bryn Mawr College in Pennsylvania, under the direction of the famous

mathematician Anna Pell Wheeler. She taught at several small colleges, but in the early 1950s ended up at the University of Illinois in Champaign-Urbana.

Lowell Schoenfeld spent his early years in New York City, graduating Cum Laude from the College of the City of New York in 1940. He went on to MIT to earn a Master's, and then to the University of Pennsylvania, receiving his Ph.D. in 1944 under the direction of Hans Rademacher. (During his years in graduate school, he seems to have worked for the Philadelphia Navy Yard as well, writing reports on aircraft navigational computers.) After positions at Temple University and Harvard, he moved to the University of Illinois, where he met his future wife.

When the two met in the early 1950s, she was an Associate Professor with tenure, he an untenured Assistant Professor. Anti-nepotism rules had begun to enter American universities in 1920s, and by the early 1950s they had become widespread. They were sometimes used to subtly discriminate, but in this case there was nothing subtle at all. As soon as Mitchell and Schoenfeld were married, the University demanded that she, the senior and *tenured* faculty member, step down from her position, while he, the junior and *untenured* partner, was permitted to keep his. Both husband and wife protested; they appealed for help to the American Association of University Professors; they went to the American As-

sociation of University Women. But their efforts were unsuccessful, and the University of Illinois prevailed in the end. *Both* resigned their positions.

They began a period of wandering from one institution to another, trying to find an institution that accepted both as mathematicians. They finally settled at Penn State University, which at the time was one of the few universities to hire couples.

Their 10 years at Penn State are remembered fondly by one of their colleagues at the time, Raymond Ayoub. He remembers both for their hospitality, their frequent colloquium parties, and their sparkling and stimulating conversation. He also remembers Lowell for leading a protest against the university library, which had decreed that all departmental collections be housed with the main library. The protestors won.

Throughout their lives, both seem to have loved the outdoors—hiking, canoeing, and especially wild-flowers. During their time at Penn State, Ayoub remembers that Josephine gained the habit of tasting every unusual plant she saw, a habit that he describes as "nerve-wracking" since he was certain she would succumb to some poisonous plant on each excursion. Their love of wild-flowers seemed to grow as years went by, and Josephine became an avid photographer in later years.



They moved to the University of Buffalo in 1968, where they each became active department members—writing papers, directing dissertations, reviewing for Math Reviews, and cultivating a better library (which was a constant theme throughout their lives). They each retired during the 1980s, but they maintained many interests—in the outdoors, in the library, in the symphony, in traveling, in family . . . and in mathematics.

Ralph Waldo Emerson once wrote that "Nature and Book belong to the eyes that see them." There seems no better epitaph for Josephine Mitchell and Lowell Schoenfeld; Nature and Books were theirs, throughout their lives.

The Society has received a substantial bequest from Josephine Mitchell and Lowell Schoenfeld, which will be part of the Society's Endowment, with its income used to support mathematics and scholarship. In one special way, they have already provided unusual support for mathematics: Their rather magnificent collection of books and journals was sent to Charles University in the Czech Republic, where recent floods had destroyed the entire library.

In both ways, these two "gentle" mathematicians, whose work spanned a half century and whose professional lives represented so much about twentieth century mathematics, will be a part of the mathematical community during the next century as well. The Society is grateful, and we honor them today by naming this portion of our garden the "Josephine Mitchell and Lowell Schoenfeld Memorial Garden."



*John Ewing
May 2003*



Lowell Schoenfeld **Josephine Mitchell**

Special thanks to Professor Raymond Ayoub for reminiscences about Penn State, to Mrs. Alta (Mitchell) Bento for photographs and information about her sister, and to Mrs. Jean Rubel for photographs of her cousin, Lowell.

Attachment 31
May 2003 AMS ECBT

attachment starts on next page ↓



AMERICAN MATHEMATICAL SOCIETY

Financial Statements

December 31, 2002 and 2001

(With Independent Auditors' Report Thereon)



99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000
Fax 617 988 0800

Independent Auditors' Report

The Board of Trustees
American Mathematical Society:

We have audited the accompanying balance sheets of American Mathematical Society (the Society) as of December 31, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

April 11, 2003



AMERICAN MATHEMATICAL SOCIETY

Balance Sheets

December 31, 2002 and 2001

Assets	2002	2001
Cash and cash equivalents (note 2)	\$ 447,334	400,373
Short-term investments (note 3)	13,537,923	13,948,678
Accounts receivable, net (allowances of \$191,587 and \$191,032, respectively)	1,135,479	1,180,687
Deferred prepublication costs	614,291	460,574
Completed books	1,285,692	1,416,773
Prepaid expenses and deposits	1,041,481	1,132,798
Land, buildings, and equipment, net (note 4)	4,466,363	4,703,304
Long-term investments (note 5)	38,282,201	41,204,704
	<hr/>	<hr/>
Total assets	\$ 60,810,764	64,447,891
	<hr/>	<hr/>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,181,860	1,217,921
Accrued expenses:		
Severance and study leave pay (note 6)	1,226,495	1,387,700
Payroll, benefits, and other	1,456,936	1,455,410
Deferred revenue	11,153,592	10,509,962
Postretirement benefit obligation (note 7)	2,748,747	2,431,095
	<hr/>	<hr/>
Total liabilities	17,767,630	17,002,088
	<hr/>	<hr/>
Net assets:		
Unrestricted:		
Undesignated	2,874,573	5,249,784
Designated (note 8)	31,650,773	33,353,895
Invested in fixed assets	4,466,363	4,703,304
	<hr/>	<hr/>
	38,991,709	43,306,983
Temporarily restricted (note 9)	1,361,037	1,785,630
Permanently restricted	2,690,388	2,353,190
	<hr/>	<hr/>
Total net assets	43,043,134	47,445,803
	<hr/>	<hr/>
Total liabilities and net assets	\$ 60,810,764	64,447,891
	<hr/>	<hr/>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Statements of Activities

Years ended December 31, 2002 and 2001

	2002	2001
Changes in unrestricted net assets:		
Operating revenue:		
Publication:		
$\textit{Mathematical Reviews}$ and related activities	\$ 8,361,089	8,103,793
Journals (excluding $\textit{Mathematical Reviews}$)	3,891,416	3,772,670
Books	2,936,959	2,865,934
Sale of services	420,552	329,931
Other	130,638	114,970
Total publication revenue	15,740,654	15,187,298
Membership and professional services, including assets released from restrictions (note 9):		
Dues, services and outreach	3,514,799	3,567,146
Grants, prizes, and awards	960,517	780,856
Investment earnings available for spending (notes 1 and 5)	649,500	—
Meetings	872,541	867,038
Total membership and professional services revenue	5,997,357	5,215,040
Short-term investment income	262,141	508,973
Other	94,434	149,059
Total operating revenue	22,094,586	21,060,370
Operating expenses:		
Publication:		
$\textit{Mathematical Reviews}$ and related activities	5,377,497	5,317,096
Journals (excluding $\textit{Mathematical Reviews}$)	1,038,486	1,011,740
Books	2,512,238	2,463,291
Divisional indirect	1,083,229	1,256,220
Warehousing and distribution	689,277	683,035
Marketing and sales	188,187	154,558
Sale of services	352,722	277,699
Total publication expense	11,241,636	11,163,639
Membership and professional services:		
Dues, services and outreach	2,772,368	2,728,458
Grants, prizes, and awards	1,029,662	891,956
Meetings	803,132	700,899
Governance	384,256	393,892
Divisional indirect	515,949	231,670
Total membership and professional services expense	5,505,367	4,946,875

AMERICAN MATHEMATICAL SOCIETY

Statements of Activities

Years ended December 31, 2002 and 2001

	2002	2001
Other	\$ 71,075	(102,387)
Membership and customer services	733,987	1,043,715
General and administrative	2,610,586	2,620,203
Total operating expense	20,162,651	19,672,045
Excess of operating revenue over operating expense	1,931,935	1,388,325
Investment loss in excess of investment earnings available for spending (note 5)	(6,247,209)	(4,305,159)
Decrease in unrestricted net assets	(4,315,274)	(2,916,834)
Changes in temporarily restricted net assets:		
Contributions	58,069	80,626
Investment loss (note 5)	(109,647)	(108,766)
Net assets released from restrictions (note 9)	(373,015)	(396,070)
Decrease in temporarily restricted net assets	(424,593)	(424,210)
Change in permanently restricted net assets:		
Contributions	337,198	89,802
Increase in permanently restricted net assets	337,198	89,802
Change in net assets	(4,402,669)	(3,251,242)
Net assets, beginning of year	47,445,803	50,697,045
Net assets, end of year	\$ 43,043,134	47,445,803

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Statements of Cash Flows

Years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Change in net assets	\$ (4,402,669)	(3,251,242)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	558,192	647,783
Net realized and unrealized loss on long-term investments	6,816,819	5,617,973
Contributions restricted for permanent investment	(337,198)	(89,802)
Changes in assets and liabilities:		
Accounts receivable, net	45,208	464,227
Deferred prepublication costs	(153,717)	96,895
Completed books	131,081	(104,157)
Prepaid expenses and deposits	91,317	(154,171)
Accounts payable	(36,061)	33,514
Accrued expenses	(159,679)	(670,389)
Deferred revenue	643,630	(32,936)
Postretirement benefit obligation	317,652	286,105
Net cash and cash equivalents provided by operating activities	<u>3,514,575</u>	<u>2,843,800</u>
Cash flows from investing activities:		
Change in short-term investments	410,755	(1,600,516)
Purchases of property and equipment	(321,251)	(241,636)
Sales of long-term investments	8,367,658	6,801,891
Purchases of long-term investments	<u>(12,261,974)</u>	<u>(8,004,701)</u>
Net cash and cash equivalents used in investing activities	<u>(3,804,812)</u>	<u>(3,044,962)</u>
Cash flows from financing activities:		
Contributions restricted for permanent investment	<u>337,198</u>	<u>89,802</u>
Net change in cash and cash equivalents	46,961	(111,360)
Cash and cash equivalents as of beginning of year	<u>400,373</u>	<u>511,733</u>
Cash and cash equivalents as of end of year	<u>\$ 447,334</u>	<u>400,373</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2002 and 2001

(1) Description of Business and Summary of Significant Accounting Policies

(a) *Description of Business*

The American Mathematical Society (the Society) was created in 1888 to further mathematical research and scholarship. It is an international membership organization, currently with over 30,000 members. The Society fulfills its mission with publications and professional programs that promote mathematical research, increase the awareness of the value of mathematical research to society and foster excellence in mathematics education.

(b) *Basis of Financial Statement Presentation*

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Society as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) *Classifications of Net Assets*

The Society's net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets are those without any donor-imposed or other restrictions as to their use which are available for the general operations of the Society. The Society defines operating income as the net increase in unrestricted net assets derived from the activities related to the accomplishment of its mission, such as publications, programs, meetings and conferences and member services. Investment earnings appropriated by the Board on unrestricted long-term investments is presented as an operating revenue, any excess investment earnings (loss) is presented as non-operating.

Temporarily restricted net assets are those whose use is restricted by some donor-imposed limitation which will lapse upon the passage of time, use of the asset for its intended purpose, or the meeting of other donor-imposed stipulations.

Permanently restricted net assets are those which must be permanently invested to provide a source of support for the activities of the Society and which are commonly referred to as endowments.

The Society is incorporated under the laws of the District of Columbia and is therefore subject to the provisions of the Uniform Management of Institutional Funds Act (the Act). Under the Act, the accumulated realized and unrealized gains related to the investment of an endowment gift may legally be appropriated for expenditure by the governing body of an organization unless the applicable gift instrument indicates the donor's intention that such gains may not be expended. None of the Society's endowment gift instruments executed by donors contains such a restriction. Accordingly, the net gains on endowment gifts which contain no donor restrictions as to the use of income derived therefrom have been included in unrestricted net assets. The net gains on endowment

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gifts which contain donor restrictions as to the use of income derived therefrom have been included in temporarily restricted net assets. Only the original amount of endowment gifts has been included in permanently restricted net assets.

Permanently restricted net assets are supported by the long-term investment portfolio. The Society has two types of endowment: gifts with no donor designations as to the use of income derived therefrom (\$1,212,593 and \$991,454 as of December 31, 2002 and 2001, respectively) and gifts whose donors have designated a specific purpose in the gift instrument (\$1,477,795 and \$1,361,736 as of December 31, 2002 and 2001, respectively).

At December 31, 2002 and 2001, the value allocated to certain invested contributions whose donors designated a specific purpose in the gift instrument was less than the original gift amount by a total of \$146,654 and \$84,160, respectively. Accordingly, unrestricted net assets were charged with these amounts to maintain the original gift value.

(d) Contributions and Net Assets Released from Restrictions

The Society records as contribution revenue unconditional promises to give. All other contribution revenue is recorded as received. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset for some specific purpose or time period and as permanently restricted support if the donated asset must be invested in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

If a donor-imposed restriction is met for the full amount of the contribution within the year, the related revenues and expenses are recorded solely in the unrestricted net assets category in the accompanying statements of activities.

The Society receives contributed services from its members, principally as volunteer leaders in the governance structure of the Society and as volunteer members of editorial committees for the Society's various publications. The latter category of contributed services qualifies for recognition as income and expense under accounting principles, as the members of the editorial committees must possess specialized skills. However, the Society has no practical way of measuring the market value of the services received from its volunteer editorial committee members and, accordingly, no such estimate is included as revenue or expense in the accompanying financial statements.

(e) Investments and Related Income

Substantially all of the Society's investments, both short term and long term, are carried at fair value, as determined by quoted market prices. Investments in mutual funds are carried at the quoted net asset value of the fund, which approximates market value. Certain investments, such as money market funds and certificates of deposit, are carried at cost, which approximates market value.

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The total return (interest, dividends, and realized and unrealized gains or losses) derived from permanently restricted net assets whose use of income is restricted for a specific purpose is recorded as investment return (loss) in the temporarily restricted net asset category. As the purpose restriction is met, the income is reclassified to the unrestricted net assets category via net assets released from restrictions.

In 2002, the Board of Trustees appropriated investment earnings to support operations of the Society. The Board uses a 5% spending rate applied to the three-year moving average of the board-designated Supplemental Economic Stabilization Fund to support the membership and professional services activities of the Society. The amount appropriated in 2002 and included in membership and professional services revenue totaled \$608,000. The Board also appropriated investment income from the endowment funds whose use of income is unrestricted to support specific Society projects, using a 5% spending rate applied to the three-year moving average of these true endowment funds. The amount used to support these specific projects totaled \$152,811 in 2002, of which \$111,311 is included in publication revenue and \$41,500 is included in membership and professional services revenue.

(f) *Deferred Prepublication Costs*

Prepublication costs, consisting of translation, editorial, composition and proofreading costs, are deferred until publication. Upon publication, prepublication costs related to books are transferred into completed books inventory and prepublication costs related to journals are expensed to offset subscription revenue for the journals.

(g) *Completed Books*

Publication costs of books, consisting of paper, printing, and prepublication costs, are deferred and charged to expense as the books are sold. Completed books are recorded in the accompanying balance sheets at the lower of average cost or market.

(h) *Land, Buildings, Equipment, and Accumulated Depreciation*

Land, buildings, and equipment are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using straight-line or accelerated methods.

(i) *Membership Journals*

Members are provided certain journals at no charge as these journals are considered to be benefits of membership in the Society.

(j) *Revenue Recognition*

Advance collections for dues, subscriptions and publications are deferred and generally recognized as income when the services are rendered or the publications shipped. For subscriptions to current-year journals for which all of the issues have not yet been published but for which substantially all of the costs have been incurred, the Society accrues estimated completion costs and recognizes the related revenues. For sales of books and journals, revenue is recognized upon shipment. In addition, the Society reserves for its estimate of book returns.

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(k) Income Taxes

The Society is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. Rules and regulations regarding unrelated business income tax apply to the Society, but no activities resulting in a material amount of taxes due occurred in 2002 or 2001.

(l) Grant Income

The Society receives various grants, which are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grant; however, management believes that these disallowances, if any, would be immaterial.

(m) Reclassifications

Certain reclassifications have been made to the 2001 financial statements to conform to the 2002 presentation.

(2) Cash and Cash Equivalents

Bank accounts and petty cash comprise the entire cash and cash equivalents balance as of December 31, 2002 and 2001. The Society's bank accounts are federally insured to a maximum of \$100,000 each.

(3) Short-Term Investments

Short-term investments consist of the following as of December 31:

	<u>2002</u>	<u>2001</u>
Certificates of deposit	\$ 5,289,029	3,798,000
Fixed-income mutual funds	2,470,605	2,460,535
Convertible securities mutual fund	691,653	763,002
High-yield bond mutual funds	—	863,921
Domestic corporate stock	28,821	33,519
Money market mutual funds	5,057,815	6,029,701
	<u>\$ 13,537,923</u>	<u>13,948,678</u>

It is the Society's policy to invest no more than the federal insured limit of \$100,000 in each financial institution's certificate of deposit. The income derived from these investments is unrestricted and used to support operations.

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(4) Land, Buildings, and Equipment

The following comprise the Society's investment in land, buildings, and equipment as of December 31:

	2002	2001
Land and improvements	\$ 416,236	369,800
Building and improvements	6,100,848	6,023,485
Furniture, equipment and software	5,822,862	5,637,236
Transportation equipment	78,334	78,334
	12,418,280	12,108,855
Less accumulated depreciation	(7,951,917)	(7,405,551)
	\$ 4,466,363	4,703,304

(5) Long-Term Investments

The Society's long-term investments are segregated into eight separate portfolios (including mutual funds), each with its own investment manager and investment objective. The overall investment strategy is determined by the Investment Committee of the Board of Trustees and is approved by the Board of Trustees annually. The primary investment objective of the long-term investment portfolio is an average real total return (net of investment fees and the effects of consumer inflation) of at least 6% over the long term. To achieve this result, the investment portfolio is allocated approximately 80% to equity investments and 20% to fixed-income investments. The equity investments are further diversified into domestic, international and real estate holdings. Additionally, the entire portfolio is diversified across economic sectors, geographic locations, industries and size of investees.

The following comprise the Society's total long-term investment portfolio as of December 31:

	2002		2001	
	Value	Cost	Value	Cost
Cash and cash equivalents	\$ 407,393	407,393	506,105	506,105
Domestic common stocks	5,708,112	5,693,305	7,639,768	6,264,356
Fixed-income mutual funds	10,773,560	10,609,308	10,700,531	10,741,005
Equity mutual funds:				
Domestic common stocks	17,360,166	21,187,987	17,904,573	17,313,063
Domestic real estate investment trusts	1,562,753	1,518,927	1,513,413	1,429,311
International common stocks	2,470,217	4,405,318	2,940,314	4,358,380
Total	\$ 38,282,201	43,822,238	41,204,704	40,612,220

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The investment portfolio is allocated among the three categories of net assets as of December 31 as follows:

	2002	2001
Unrestricted net assets:		
Board-designated purposes (note 8)	\$ 31,650,773	33,353,895
Undesignated	2,732,260	4,005,315
Total allocated to unrestricted net assets	34,383,033	37,359,210
Total allocated to temporarily restricted net assets	1,208,780	1,492,404
Permanently restricted net assets:		
Unrestricted use of income	1,212,593	991,454
Restricted use of income	1,477,795	1,361,636
Total allocated to permanently restricted net assets	2,690,388	2,353,090
Total long-term investments, at value	\$ 38,282,201	41,204,704

The following schedule summarizes the investment (loss) return and its classification in the accompanying statements of activities for the years ended December 31:

	2002	2001
Dividends and interest, net of management fees of \$62,119 and \$62,132, respectively	\$ 1,220,774	1,204,048
Net realized and unrealized loss	(6,816,819)	(5,617,973)
Investment loss	(5,596,045)	(4,413,925)
Less investment loss classified as temporarily restricted	109,647	108,766
Less investment earnings available for spending	(760,811)	—
Investment loss in excess of investment earnings available for spending	\$ (6,247,209)	(4,305,159)

(6) Severance and Study Leave Pay

Certain employees of the Society receive vested rights to severance and study leave pay based upon salary and years of service. The Society provides for this obligation over the related years of the employees' service. The provision for severance and study leave pay charged to expense totaled \$140,088 and \$259,692 in 2002 and 2001, respectively.

(7) Pension and Retirement Benefits

(a) The Society has contributory retirement plans (the Plans) covering substantially all full-time employees. The Plans are administered by, and related assets are maintained with, Teachers

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Insurance, and Annuity Association and College Retirement Equities Fund. The Society's retirement expenses for these Plans totaled \$929,936 and \$906,748 in 2002 and 2001, respectively.

- (b) The Society sponsors a defined benefit postretirement medical plan that covers substantially all full-time employees. Under the plan provisions, employees who retire from the Society at age 62 or older with at least 12 years of service are eligible for benefits under the plan. Plan benefits consist of health insurance coverage under a Medicare Supplement Plan and reimbursement of Medicare Part B premiums. Employees who retire before age 62 may qualify for coverage under the plan according to a longer service requirement schedule established by the Society. Spouses of eligible retirees are not covered. The plan is noncontributory and is unfunded.

In 1998, this plan was amended to include the prior service of employees previously leased from the University of Michigan as eligible service when such persons become Society employees. The resulting prior service cost of these employees is being amortized over the estimated average future service period until retirement.

Effective January 1, 2002, the Society amended the plan to include maximum reimbursement amounts on the Medicare Supplement portion of the plan only. While the Society's recent cost increase history has been consistent with current plan assumptions, the health insurance market in general has incurred increases of 10% or more in the recent past, and this trend is expected to continue for the near term. Therefore, it was decided to increase the health care cost increase trend to 10% for the next five years and decline to 5% for years thereafter, also effective as of January 1, 2002.

These two changes resulted in a net unrecognized loss of approximately \$220,000, which is amortized into the annual postretirement benefit cost commencing in 2002.

The following table presents information relating to the plan for the years ended December 31:

	2002	2001
Benefit obligation	\$ 2,748,747	2,431,095
Fair value of plan assets	—	—
Accrued benefit cost	\$ 2,748,747	2,431,095
Benefits paid	\$ 38,700	27,000

Net postretirement benefit cost totaled approximately \$356,000 and \$313,000 for the years ended December 31, 2002 and 2001, respectively.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.75% as of both December 31, 2002 and 2001.

The weighted average assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend) for this plan was assumed to be 10% for 2002 through 2006 and 5% thereafter. Increasing the health care cost trend rate by one percentage point in each year would increase the accumulated post-retirement benefit obligation by approximately \$450,000.

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Effective January 1, 2003, the actuarial assumptions of the plan are as follows: the discount rate is reduced to 6.75% and the health care cost trend is 11.4% in 2003, grading down to 5% for 2007 and thereafter. These changes result in an additional loss of \$217,000 which will be amortized into the annual postretirement benefit cost commencing in 2003.

(8) Designated Unrestricted Net Assets

The Board of Trustees of the Society has designated components of unrestricted net assets to support certain purposes. All such designated funds within unrestricted net assets are supported by the unrestricted portion of the long-term investment portfolio. The Economic Stabilization Fund is designated to provide support for the Society in future years should the need arise. The Friends of Mathematics Fund is designated to accumulate unrestricted gifts to the Society whose current use is not needed to support the operations of the Society. The Journal Archive Fund is designated to accumulate funds to support changes that may be necessary for electronic files to be available for future use due to as yet unforeseen technological changes. The Epsilon Fund for Young Scholars was created by the Board of Trustees in 2000 to augment the funds in a true endowment fund that supports programs for high school mathematics students. The Russian Royalties Fund is designated to support the payment of royalties to Russian authors for work originally published in years prior to the creation of certain copyright agreements.

The following comprise the balances in these designated funds within unrestricted net assets as of December 31:

	<u>2002</u>	<u>2001</u>
Economic Stabilization Fund – Base	\$ 20,514,187	19,884,126
Economic Stabilization Fund – Supplemental	10,366,621	12,608,978
Friends of Mathematics Fund	123,572	123,572
Journal Archive Fund	237,078	225,750
Epsilon Fund for Young Scholars	391,485	450,787
Russian Royalties Fund and other	17,830	60,682
Total	<u>\$ 31,650,773</u>	<u>33,353,895</u>

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(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted by donors for the following purposes as of December 31:

	<u>2002</u>	<u>2001</u>
Restricted purpose:		
Prizes and scholarships	\$ 237,742	216,690
Lectures	42,739	31,412
Fellowships	108,654	171,424
Special programs	13,020	107,230
Charitable gift annuities	175,965	191,464
Grant-supported projects	62,509	69,822
Other miscellaneous	22,173	16,434
Accumulated gains on purpose-restricted endowment gifts, principally related to the prize funds	<u>698,235</u>	<u>981,154</u>
Total	<u>\$ 1,361,037</u>	<u>1,785,630</u>

Assets released from restrictions totaled \$373,015 and \$396,070 in 2002 and 2001, respectively, entirely due to the accomplishment of the designated purposes.