



Treasurer's Report

by Luther E. Birdzell

At the close of our fiscal year ended 30 June 1995, the value of the Forest History Society's endowment was \$3,678,000. The total return on our endowment for the year ended was 17.2 percent, reflecting the strong domestic equity markets (24.3 percent return on the approximately 60 percent of our endowment that is invested in domestic equities) combined with relatively low interest rates (7.65 percent return on the portion of our endowment that is invested in fixed income investments). Since March 1990, when the board of directors formally adopted a "total return" policy of managing the FHS endowment, the total return on our endowment has been approximately 10.2 percent. During that five-year period, the return on our domestic equity investments has been 12.1 percent, a return almost exactly equal to that on the S&P 500 index. The return on our fixed income segment has been 7.0 percent.

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Forest History Society, Inc.		Operating Fund	Plant Fund	Endowment Fund	1995 Total All Funds	1994 Total All Funds	
ASSETS							
Balance Sheet 30 June 1995 (with comparative totals for 1994)	Cash	\$ 98,545	\$ (68)	\$ 8,295	\$ 106,772	\$ 141,976	
	Interfund Receivable					43,094	
	Accounts Receivable	14,172		41	14,213	12,930	
	Pledges Receivable			817	817	48,881	
	Inventories	35,244			35,244	17,714	
	Prepaid Expenses	3,259			3,259	2,526	
	Deposits	636	256		892	1,347	
	Short term investments	141,139		3,369,356 ¹	3,510,495	3,441,068	
	Fixed assets at cost less accumulated depreciation of \$176,299 and \$156,889			408,758	408,758	418,696	
	Total Assets	\$292,995	\$408,946	\$3,378,509	\$4,080,450	\$4,128,232	
	LIABILITIES & FUND BALANCES						
	LIABILITIES						
	Interfund Payable					\$ 43,094	
	Accounts Payable & Accrued Expenses	\$ 5,601		\$ 2,087	\$ 7,688	15,967	
	Deferred Pledges			817	817	48,881	
	Total Liabilities	5,601		2,904	8,505	107,942	
FUND BALANCES							
	Unrestricted						
	Undesignated	161,044		814,230	975,274	931,840	
	Restricted - Expendable	126,350			126,350	165,153	
	Endowment			2,561,375	2,561,375	2,504,418	
	Net investment in plant		408,946		408,946	418,879	
	Total Fund Balances	287,394	408,946	3,375,605	4,071,945	\$4,020,290	
	Total Liabilities and Fund Balances	\$292,995	\$408,946	\$3,378,509	\$4,080,450	\$4,128,232	

¹\$3,677,701 market value

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The FHS endowment is managed with the objective of achieving a 9 percent overall return over several-year time spans. Annual performance can vary significantly due to the approximately 60–70 percent of the endowment that is invested in equities. Of the 9 percent return, 1 percent is allocated for investment fees and expenses, 3 percent is for reinvestment to preserve the purchasing power of the endowment considering current inflation levels, and 5 percent is available to support operations.

For the fiscal year ended 30 June 1995, the endowment provided \$190,000 of the FHS's total income of \$420,000. Membership dues were \$129,000 and gifts, grants, and contracts were \$66,000. Book sales were \$12,000, largely reflecting the sales of the first title in the Issues Series, *American Forests: A History of Resiliency and Recovery*. Service income included the revenue we receive from Duke University for our Executive Director Pete Steen's teaching a course there.

Expenses were slightly less than budget at \$452,000 which includes depreciation of \$20,000. Publication of the journal, *Forest & Conservation History*, cost \$68,000 (due to timing, fiscal year 1995 included the printing of five issues instead of the usual four.) Copublication of *Environmental History* effective 1 January 1996, is expected to produce annual savings in excess of \$20,000.

For fiscal 1995, FHS expenditures of \$452,000 exceeded support of \$420,000 by \$32,000. This result is slightly better than budget and reflects expenses that were unavoidably deferred from prior years, in addition to approximately \$4,000 for printing the fifth issue of the journal. ▲