

FINANCES

DECEMBER 31, 2004

The accompanying two tables and charts summarize the financial operations of the Society as of December 31, 2004. The financial position of the Society on December 31 is summarized for 2003 and 2004 in the STATEMENT OF FINANCIAL POSITION. The financial activities of the various components of the Society are summarized in the STATEMENT OF ACTIVITIES. The 2004 numbers cover the 12 months from January 1, 2004 to December 31, 2004.

A different presentation of the financial activities of the Society is through the accompanying bar chart covering the FY04 OPERATING REVENUE AND EXPENSES and a pie chart of the STATEMENT OF ACTIVITIES FY04 showing the distribution of revenue and expenses between different Society activities.

At the end of the fiscal year 2004, the total assets of the American Physical Society were \$106.5M, up from \$93.6M a year before. The Society's liabilities were \$31.9M, up from \$28.8M the previous year. Net assets at the end of fiscal year 2004 were \$74.6M compared with \$64.8M at the end of 2003. Net assets include \$9.2M in restricted net assets and \$65.4M in unrestricted net assets. The restricted net assets are monies intended for prizes and awards and for the programs of the current capital campaign. The unrestricted net assets are the Society's reserves, which may be used for any of the operations of the Society. The Society's reserves are primarily invested in equities and fixed income issues to provide income to the Society. During 2004 these investments had a net income of \$6.9M reflecting the significant recovery of the stock market during this period. Over the long run, a portion of the income from investments augments contributions from members to support the Society's programs, while the remaining portion of this income is reinvested to allow reserves to grow with inflation.

A Business Continuity Plan (BCP) is in place for both the College Park/Washington office and the Ridge office. The purpose of the BCP is to provide an action plan in the event of a disruption of normal operations because of natural or manmade events. The BCP includes contact names, checklists of orderly procedures and plans for off-site operations if necessary. The BCP is updated and reported on to the audit committee on an annual basis.

AMERICAN PHYSICAL SOCIETY
STATEMENT OF FINANCIAL POSITION
As of December 31, 2004 and 2003

Assets	2004	2003
Cash and cash equivalents	\$ 15,220,741	16,700,301
Investments, at fair value	77,476,419	67,634,145
Accounts receivable:		
American Institute of Physics	5,700,479	2,171,637
Other, net of allowance for doubtful accounts of \$222,000	662,102	912,409
Bequest receivable	1,406,889	-
Pledges receivable, net	748,758	722,662
Prepaid expenses and other assets	406,459	545,362
Land, building and equipment, net	4,407,489	4,519,587
Beneficial interest in perpetual trust	428,649	403,725
Total assets	\$ 106,457,985	93,609,828
 Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 1,889,700	1,311,989
Deferred revenues:		
Publications	20,142,290	18,958,651
Membership dues	2,393,388	2,264,485
Other	186,560	123,377
Liability for post-retirement medical benefits	7,250,581	6,138,436
Total liabilities	31,862,519	28,796,938
Net Assets:		
Unrestricted	65,420,730	57,574,176
Temporarily restricted	7,264,574	6,762,702
Permanently restricted	1,910,162	476,012
Total net assets	74,595,466	64,812,890
Total liabilities and net assets	\$ 106,457,985	93,609,828

AMERICAN PHYSICAL SOCIETY
STATEMENTS OF ACTIVITIES
For the Fiscal Year Ended December 31, 2004

Changes in Unrestricted Net Assets:

Revenues:

Research publications	\$ 34,314,725
Scientific meetings	3,284,793
Membership operations	3,141,064
Public affairs and programs	1,378,802
Net assets released from restrictions	451,128
	<u>42,570,512</u>

Expenses:

Research publications	29,506,624
Scientific meetings	3,344,560
Membership operations	3,447,376
Public affairs and programs	3,615,304
Fundraising	360,700
General and administrative	888,891
Prizes and related costs	451,128
	<u>41,614,583</u>

Income from Operations	<u>955,929</u>
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Income from investments	2,083,152
Net Unrealized and realized gains on long term investments	4,807,473
	<u>6,890,625</u>

Increase in unrestricted net assets	<u>7,846,554</u>
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Changes in Temporarily Restricted Net Assets:

Contributions	511,448
Income from investments	441,552
Net assets released from restrictions	(451,128)
Increase in temporarily restricted net assets	<u>501,872</u>

Changes in Permanently Restricted Net Assets:

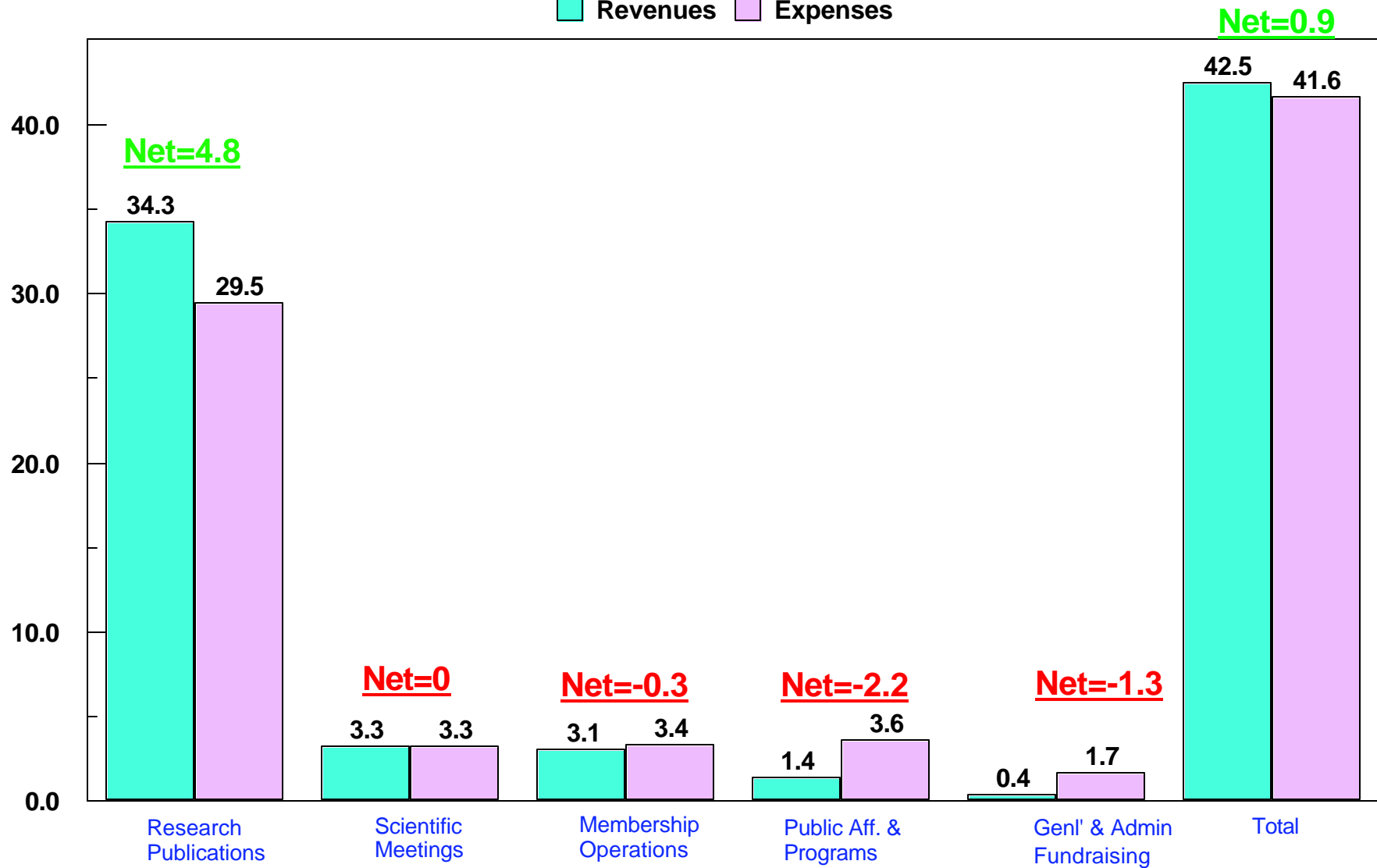
Contributions	1,434,150
Increase in permanently restricted net assets	<u>1,434,150</u>

Increase in net assets	9,782,576
Net assets at beginning of year	64,812,890
Net assets at end of year	<u>\$ 74,595,466</u>

FY04 OPERATING REVENUE & EXPENSES

Millions

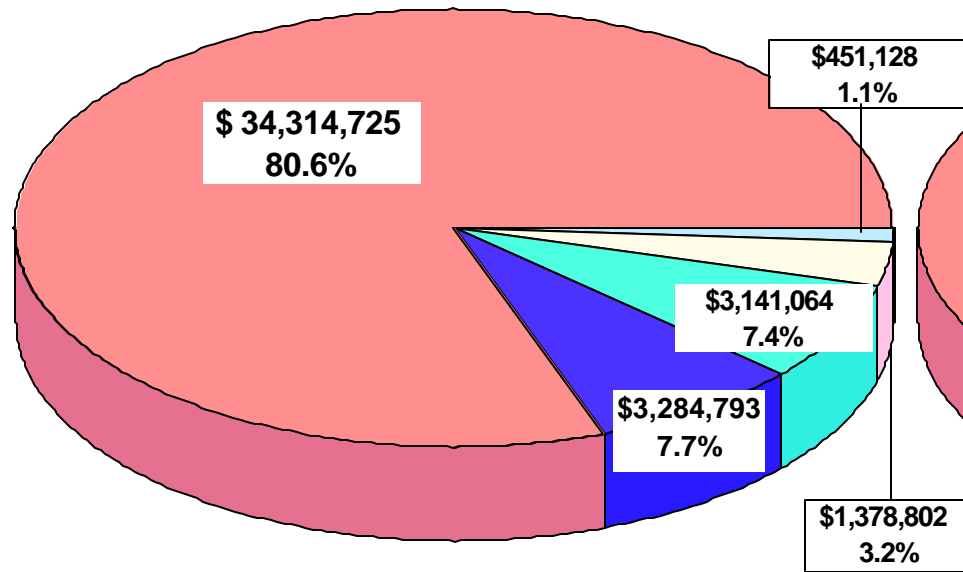
Revenues Expenses



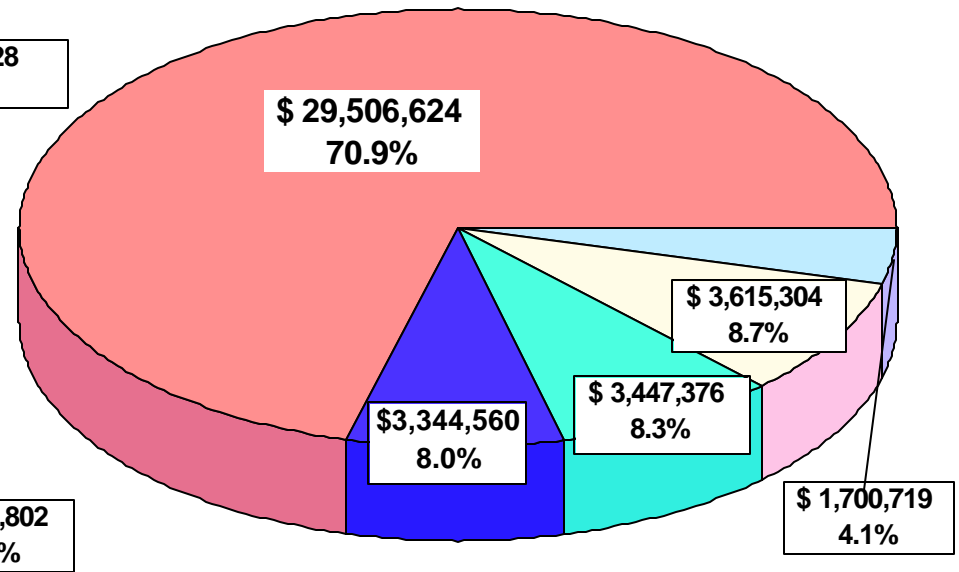
STATEMENT OF ACTIVITIES

FY04

REVENUE



EXPENSES



- RESEARCH PUBLICATION
 MEMBERSHIP OPNS
 PUBLIC AFF & PROG
 GENL & ADMIN
- SCIENTIFIC MEETINGS