

# REPORT OF THE TREASURER

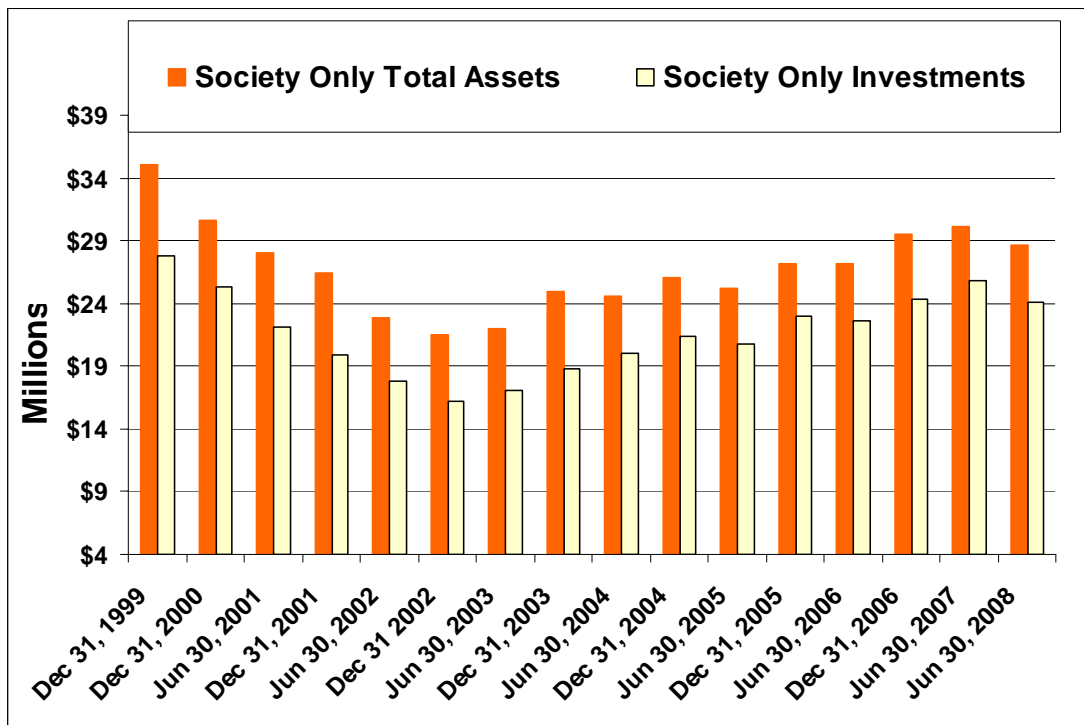


**Robbie Gries**

*1 July 2007 – 30 June 2008*

GSA took a hit with their investments this fiscal year—the bulk of which occurred in the last quarter (April - June). In spite of the economy today, GSA has operated well within budget and continues to be financially healthy enabling GSA to continue with strategic programs aligned with its purpose and goals. Operating revenue was budgeted for \$9,388,489 plus over \$960,000 from the Pardee, Surplus and other funds for total usable funds in 2008 of about \$10,350,000. Expenses were budgeted for \$10,146,347. Revenues from operations exceeded budget by \$105,567 and expenses were under budget by \$131,051. Non-periodical publications, dues, E&O programs and advertising added to our revenues over budget. Our decrease in expenses was primarily from not using all of the Contingency line item. Significant increases came from postage and outsourcing.

The plot below shows the changes in the total assets, net assets, and investments of GSA only. The graph shows the recovery of our net assets and investments since the bottom in September 2002. Note that we lost assets faster than we are recovering them, because of a combination of market performance and significant spending from the



*Fig. 1. Temporal changes in GSA's total assets and investments.*

portfolio during the decline. June 2008 shows the decline in assets experienced in our investments this fiscal year.

At June 30, 2008, GSA had total assets of \$28,616,836 compared to \$30,163,679 in 2007. The asset distribution is as follows:

• Investments -	\$24,134,477 decreased from \$25,874,693
• Buildings/property/equipment -	\$2,820,131 increased from \$2,774,664
• Publications inventory -	\$617,055 decreased from \$683,166
• Cash -	\$50,587 decreased from \$64,597
• Prepaid expenses -	\$534,323 increased from \$372,057
• Receivables -	\$460,263 increased from \$394,502

On June 30, 2008, GSA's total liabilities were \$3,152,851, slightly more than 2007 at \$3,113,964 and are distributed as follows:

• Deferred revenue -	\$2,402,027 increased from \$1,874,542
• Bonds payable -	\$225,000 decreased from \$435,000
• Accrued paid time-off/vacation	\$238,884 increase from \$215,795
• Accounts payable -	\$263,602, decreased from \$459,466
• Other -	\$ 23,338 decreased from \$129,161

Investments for GSA and Foundation's combined portfolio decreased in Market Value from \$32,974,292 to \$32,239,925 which provides a decrease of -2.23% when adjusted with 2008 deposits and withdrawals. Considering the S&P 500 was down 12% since the first of the year, GSA is managing the risk of this economy very well. The Investment committee working with Innovest, our fund management firm, has minimized losses in this economy with an exceptional studied and diverse portfolio.

As of June 30, 2008, GSA held the following investments:

- Domestic Equity - 44.9%
- Core Fixed Income, including bank-loan mutual funds - 23.1%
- International Equity - 14.3%
- Absolute Return Strategies (hedge fund-of-funds) - 11.8%
- Private Equity - 4.3%
- Cash - 1.6%

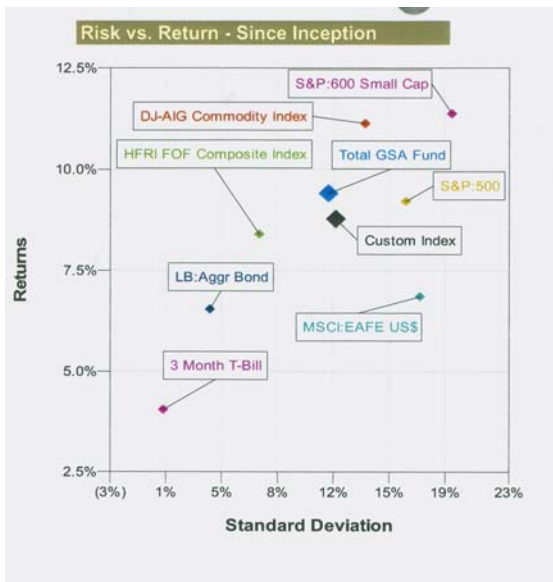
Return for GSA's portfolio for FY 2008 was -1.97% compared to 17.98% last year. However, we look at our portfolio over a longer period and continue to meet our portfolio goal of CPI + 5.5%. That is shown in the red line in the graph below.

The figure below shows the cumulative returns of GSA's portfolio versus our investment goal of CPI + 5.5% from March 1995 through June 30 2008. The spread between the GSA Fund and CPI + 5.5% indicates continued success in out-performing the guideline set by GSA. The goal (red line) changed from 5.0% per Council approval on 4/15/06)

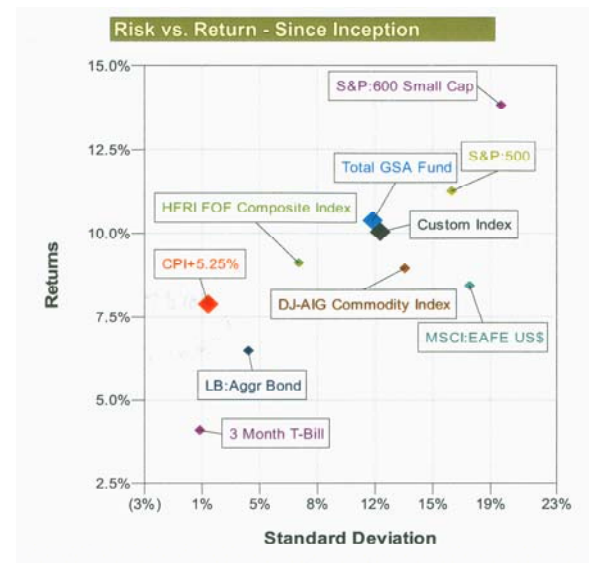


Fig. 2. Cumulative returns of GSA portfolio versus goal of inflation plus 5% (or 5.5%) for tenure of Innovest (March 1995 to June 08).

The next figure shows the Risk/Reward plot of GSA’s investments, versus some standard benchmarks, for the last five years. Note that GSA’s investments have inched down toward the custom index this year, but still outperforming CPI plus 5.5% (not plotted on 2008).



2008



2007

The Society will use JDS Professional Group, Englewood, Colorado for the 2007-08 audit, as they did for the 2006-07 audit.

A significant change in the Financial Services Department of GSA was the resignation of Kay Dragon who has been a Director and the GSA controller for ten years. Her replacement, Thomas Haberthier, will assume the position in September, 2008.