

## December 2007 Year End Report

We reported in January that the final close for 2007 had not been finalized, but that we expected an operating loss for the year of approximately -\$250,000. The “final” statements are shown below. The books have been closed, and the auditors have finished their onsite inspection, but until we have the final audit report, please understand that these numbers are technically subject to change.

You will note that the loss for the year is substantially less than predicted with a total operating loss of just under -\$209,000. Additional revenues from our fall conference schedule, as well as some positive year-end adjustments, account for this swing. \$20,000 of additional revenues came from the final reconciliation of our Thermoforming Conference alone – special thanks again to that Division for their continued good work.

We posted non-operating gains (mainly investment gains) which put our combined operating and non-operating net incomes at about -\$121,000.

You will recall from past reports that the big detractor in 2007 was *Plastics Engineering* magazine, which on its own posted a loss of over -\$700,000. Membership and SPE seminars were also soft with an additional -\$200,000. Furthermore, the exchange rate with Europe over the course of the past two years has made our activities there more expensive. On the positive side, even with all of these areas of loss, ANTEC, Topical Conferences, and other educational activities posted net incomes of \$750,000, moderating our total loss.

In addition, The SPE Foundation posted positive net incomes of \$114,358.

To bring *Plastics Engineering* magazine under better fiscal control, SPE has taken a number of steps. Since mid-2007, SPE has been in negotiations with Wiley Interscience to see if we could strike a co-publishing arrangement for *Plastics Engineering* which would bring an end to the ongoing deficits we have seen with the magazine for more than 20 years. I am pleased to announce that we are signing an agreement with Wiley which will start in April 2008. We are also doing substantially better in our advertising sales in 2008 than we have in the past two years, primarily due to the efforts of Maria Russo. In addition, we have cut one in-house sales position (November 2007), and two editorial positions (January 2008). Finally, we will publish a combined July/August issue, and a combined December/January issue to take the total number of printed issues for 2008 from 12 to 10.

Under the ongoing arrangement with Wiley, they will be taking over all production and distribution responsibilities. We will share, and gradually turn over to Wiley, all of the

advertising sales responsibilities. SPE maintains full ownership of the magazine and editorial control (although we will certainly consult with Wiley on editorial decisions).

While these changes will materially reduce our deficit on the magazine in year one, we do not expect to be able to eliminate an operating deficit until year three of the agreement.

With an ongoing solution in place for the magazine, we will also be turning our attention to other areas of SPE that need bolstering – mainly membership and events. Both of these areas will correlate closely to the overall state of the industry, which we expect will be constrained for the remainder of 2008 and into 2009. Our co-publishing arrangement with Wiley on the SPE Journals, and our partnerships with our Sections, Divisions and *Plastics News* on conferencing will need to provide the financial underpinning to see us through this difficult economic climate.

Please see the final consolidated income statement below.

	Income	Direct Expenses	Direct Staff	Net on Direct Costs	Indirect Staff & OH	Net Income/Deficit	% OH
<b>Membership</b>	\$1,817,072	1,160,193	\$499,884	\$156,995	\$212,627	(\$55,632)	25%
<b>European Programs</b>	131,839	\$190,072	\$0	(\$58,233)	\$21,263	(\$79,496)	2.5%
<b>ANTEC</b>	\$697,120	397,697	\$92,400	\$207,023	\$170,101	\$36,922	20%
<b><i>Plastics Engineering</i></b>	\$624,386	\$799,523	\$ 366,105	(\$541,242)	\$170,101	(\$711,343)	20%
<b>Journals</b>	\$805,481	\$140,496	\$92,400	\$572,585	\$127,576	\$445,009	15%
<b>TopCons</b>	\$205,415	\$8,557	\$33,528	\$163,330	\$42,525	\$120,805	5%
<b>SPE Online Education</b>	\$103,651	36,625	\$23,760	\$43,266	\$21,263	\$22,003	2.5%
<b>Seminars</b>	\$315,587	313,857	\$33,528	(\$31,798)	\$42,525	(\$74,323)	5%
<b>Bookstore</b>	\$403,291	236,593	\$29,872	\$136,826	\$42,525	\$94,301	5%
<b>SPE Foundation</b>	\$0	\$26,177	\$10,890	(\$37,067)	\$0	(\$37,067)	0%
<b>Other Income</b>	\$30,004	\$0	\$0	\$32,944	\$0	\$30,004	0%
<b>Total</b>	<b>\$5,133,846</b>	<b>\$3,309,789</b>	<b>\$1,182,367</b>	<b>\$644,630</b>	<b>\$850,507</b>	<b>(\$208,817)</b>	<b>100%</b>

