



15 July 2009

To: ASPT Council and Officers
From: Warren Wagner, Chair, Finance Committee

Finance Committee Report

This report consists of three parts: 1) The 2nd quarter spreadsheets for 2008 and 2009 analyzing cost/value of the endowment-like assets of the ASPT; 2) ASPT Restricted Funds Calculator spreadsheet for June 2009; and 3) Summary points (below) for the past year.

1. During 2008-2009 period assets have increased for ASPT. The 11 equities held by ASPT continued the sustained period of decline that began in October 2007. All our stocks are in the top 5% for safety (rated 1 by Value Line) and 1 to 3 for timeliness. The total assets are down \$32,553.64 or 6.6% since last year at this time. This overall decrease was ameliorated with the addition of \$20,000 to the account in June 2009. The investments, however, showed a loss of \$69,135.25, which is partly due to a decrease of nearly \$10,000 in the cost of the equities (Sale of Pfizer and purchase of Nike, including realized loss). The downturn in unrealized value is milder at 18% than the downturn of the Dow during this same period (25%). The chart below shows the values at the start and end of the 2nd quarters for the year in each asset category.

During the past quarter (April-June 2009) there was a significant increase of \$64,065, most of which is due to a significant rise in the stock market and partly due to the addition on 29 June 2009 of \$20,000 of excess funds transferred from the operating account. If the new addition is taken into account then the equity portion of the account increased a healthy 16%; however, if the \$20,000 is not considered then the figure drops to an 11% increase. During the quarter the S&P jumped 15% over the past three months, its best quarter since 1998, while the blue-chip Dow index surged 11%, but is still not close to recovering from the highs of late 2007. Our conservative approach using Value Line helped a lot during this period in damping the damage of the major economic downturn, but has responded well to the recent upside doing about the same as the Dow index. It is not clear when this current downturn will end, but so far damage to ASPT assets have been modest.

Asset Category	2008	2009	Difference
Equity	364,685.50	295,550.25	<69,135.25>
Income Investment	96,680.54	97,630.72	950.18
Liquid Assets	34,530.20	70,161.63	35,631.43
Total	\$495,896.24	\$463,342.60	<\$32,553.64>

2. Additional 2007 funds from the operating account (\$20,000) were transferred into the Siebert account in May 2008 (see 2007 additions table below). These were not invested last year, but retained in cash. No decision that I recall was made last year at the council meeting as to which named fund to credit this extra operating cash to. I did not push after the meeting since at that time anything we put into equities would have lost value. We now have another infusion of \$20,000 (see 2008 additions below). These 2008 funds are now also part of the current cash balance (\$70,161) in the account, but all of these should be invested soon as the market is showing signs of recovery discussed above. Also, previously it was reasonable to keep funds in the cash account to protect them in the downturn, but due to interest rates plummeting to near zero we should move this significant cash component of ASPT assets into income producing (Dodge & Cox Inc. Fund) or equities.

2007 additions	
Fund Name	Amount
Webster	\$5,025
ASPT Gen	\$448
Cooley	\$275
Gray	\$299
Grad #1	\$2,234
Booth sales (Grad #1)	\$1,577
McVaugh	\$109
Graham	\$117
Anderson	\$683
Named fund	\$500
Undesignated	\$7,456
Total	\$20,000

2008 additions	
Fund Name	Amount
Webster	\$4,285
ASPT Gen	\$545
Cooley	\$160
Gray	\$255
Grad #1	\$1,080
Booth sales (Grad #1)	\$1,002
McVaugh	\$40
Graham	\$60
Anderson	\$490
Undesignated	\$12,083
Total	\$20,000

3. As of 30 June 2009 ASPT has brokerage account assets totaling **\$463,342.60** with 63.8% in equity, 21.1% in income investment, and 15.1% in cash. The increase in cash (to \$70,161) consists of income (interest and dividends) and \$40,000 in transfers discussed above and is still in cash due to holding back from any new purchases in the current market. It is poised for additional investment when the market begins to recover. The assets currently generate \$12,192 estimated annual income, a decrease of \$1,171 from the yearly estimate of last quarter. This decrease is due primarily to precipitous drop in the interest rate of the money market account from nearly 3.6% to 0.01% (essentially nothing) currently.
4. In 2007 we voted to increase the proportion of the investment assets in equities to 80%. However, due to the decline in value of the equities overall the current level is only 64%. We currently have about 15% of the assets in cash that should be moved into either the Dodge & Cox Inc. Fund (income-producing) or into equities. We could split the funds into both areas, keeping our current (64/36%) proportions or adjust one area higher. Even though the market continues to make

a nice recovery it still does not seem to be very stable and various things like weakness of major companies and increasing unemployment could contribute to further sliding of the market. It seems prudent to stay with approximately the current percentage invested in equities because of the possibility of further instability. Also, once the market improves our percentage in equities will go higher.

5. There are three areas for discussion/decision at the present meeting in Snowbird.
 - a. This should be the last report including Jun Wen on the Finance Committee, but because I am the incoming ASPT president it seems prudent to appoint an ad hoc chair of this committee to serve while I am president. Jun has considerable financial experience (previous ASPT treasurer) and we are at the same institution. I propose, and she has expressed willingness, for her to assume the chair of the committee for the next year. This approach will require minimal changes either in September 2009 or when I reassume the chair in 2010 if reappointed.
 - b. During the year there has been accumulation of cash currently at \$70,161. It is available for spending, if needed, or reinvestment. Given present operating account balances reinvestment of these funds is proposed in approximately 60/40 equities to income fund split.
 - c. A portion of the \$70,161 is to go into various named funds (see tables above), but a significant proportion is not designated and could go into the ASPT general fund or alternatively could be added to one or more of the named funds by the Council. I would like to hear discussion and a decision on whether to place the new funds in the General Fund or one or more named funds.

FINANCE COMMITTEE

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ASPT Equity Investments					as of end of June 2008			Quarterly Div. @ share	Estim. Quart. Div.	Estim. Annual Divid.
Shares	Stock	Purchase Date	@ Share Cost	Total Cost	@ Share Price	Market Value	gain/loss			
1000	AFLAC	01 Feb 2008	60.09495	60,094.95	62.800	62,800.00	4.50%	0.240	240	960
650	Coca Cola	08 Jun 2007	51.092	33,209.80	51.980	33,787.00	1.74%	0.380	247	988
500	Du Pont	11 Dec 2006	48.601	24,300.25	42.890	21,445.00	-11.75%	0.410	205	820
300	IBM	18 Sep 2007	115.490	34,646.95	118.530	35,559.00	2.63%	0.500	150	600
600	Johnson & Johnson	05 Jan 2005	61.245	36,746.83	64.340	38,604.00	5.05%	0.460	276	1,104
775	McDonald's Corp.	05 Jan 2005	36.546	28,323.22	56.220	43,570.50	53.83%	0.375	291	1,163
2000	Microsoft	01 Feb 2008	30.514	61,027.98	27.510	55,020.00	-9.84%	0.110	220	880
400	PepsiCo Inc.	31 Mar 2004	56.570	22,627.90	63.590	25,436.00	12.41%	0.375	150	600
700	Pfizer Inc	05 Jan 2005	26.291	18,403.95	17.470	12,229.00	-33.55%	0.320	224	896
500	Sysco Corp.	05 Jan 2005	37.290	18,644.95	27.510	13,755.00	-26.23%	0.220	110	440
400	Wal-Mart Stores	05 Jan 2005	53.587	21,434.95	56.200	22,480.00	4.88%	0.238	95	380
TOTAL				\$359,461.73		364,685.50	1.45%			\$6,883
						goal > 5% per year			goal > 5% per year	
Prior year figures				\$283,442.06		\$299,834.30				\$5,247
% change from prior year				26.8%		21.6%				31.2%

ASPT Income investments		Matures	Annual Rate	Cost	Current Price	Market Value	gain/loss	Income
Shares	Title							
7,918	Dodge & Cox Inc	never	5.360%	100,707.60	12.21	96,681	-4.00%	5,397.93
TOTAL				\$100,707.60		\$96,681		\$5,397.93

ASPT Liquid Assets		Value	Current rate	Income
Fidelity Capital Reserves		34,530.20	1.83%	631.90
TOTAL		\$34,530.20		

Source	Annual Cash
Dividends	6,882.50
Interest	5,397.93
Liquid assets	631.90
Total Income	12,912.33
Past quarter	12,374.85
Change	537.48

Allocation of major ASPT Assets		
Equity	364,685.50	73.5%
Income Invest.	96,680.54	19.5%
Subtotal Invest.	461,366.04	93.0%
Liquid Assets	34,530.20	7.0%
Total	\$495,896.24	100%

Changes			
Time frame	Value	Change	% change
Past quarter	\$489,551.57	\$6,344.67	1.30%
1 yr.	\$481,048.22	14,848.02	3.1%

2008 Realized Capital Gain/Loss				Cost	Sale value	Gain (Loss)
630	Medtronic Inc	08 Dec 2005	54.571	34,379.50	30,115.31	-\$4,264.19
800	Walgreen Co.	05 Jan 2005	40.957	32,765.90	28,595.13	-\$4,170.77
				Total		-8,434.96

Warren Wagner, 8 July 2008
Chair, ASPT Finance

ASPT Equity Investments					as of end of June 2009			Quarterly Div. @ share	Estim. Quart. Div.	Estim. Annual Divid.
Shares	Stock	Purchase Date	@ Share Cost	Total Cost	@ Share Price	Market Value	gain/loss			
1000	AFLAC	01 Feb 2008	60.09495	60,094.95	31.090	31,090.00	-48.27%	0.280	280	1120
650	Coca Cola	08 Jun 2007	51.092	33,209.80	47.990	31,193.50	-6.07%	0.410	267	1066
500	Du Pont	11 Dec 2006	48.601	24,300.25	25.620	12,810.00	-47.28%	0.410	205	820
300	IBM	18 Sep 2007	115.490	34,646.95	104.420	31,326.00	-9.59%	0.550	165	660
600	Johnson & Johnson	05 Jan 2005	61.245	36,746.83	56.800	34,080.00	-7.26%	0.490	294	1,176
775	McDonald's Corp.	05 Jan 2005	36.546	28,323.22	57.490	44,554.75	57.31%	0.500	388	1,550
2000	Microsoft	01 Feb 2008	30.514	61,027.98	23.770	47,540.00	-22.10%	0.130	260	1,040
200	Nike	06 Apr 2009	47.093	9,418.63	51.780	10,356.00	9.95%	0.250	50	200
400	PepsiCo Inc.	31 Mar 2004	56.570	22,627.90	54.960	21,984.00	-2.85%	0.045	18	72
500	Sysco Corp.	05 Jan 2005	37.290	18,644.95	22.480	11,240.00	-39.72%	0.240	120	480
400	Wal-Mart Stores	05 Jan 2005	53.587	21,434.95	48.440	19,376.00	-9.61%	0.273	109	437
TOTAL				\$350,476.41		295,550.25	-15.67%			\$6,435
						goal > 5% per year			goal > 5% per year	
Prior year figures				\$359,461.73		\$364,685.50				\$7,231
% change from prior year				-2.5%		-19.0%				-11.0%

ASPT Income investments		Matures	Annual Rate	Cost	Current Price	Market Value	gain/loss	Income
Shares	Title							
7,918	Dodge & Cox Inc	never	5.710%	100,701.16	12.33	97,631	-3.05%	5,750.04
TOTAL				\$100,701.16		\$97,631		\$5,750.04

ASPT Liquid Assets		Value	Current rate	Income
Fidelity Capital Reserves		70,161.63	0.01%	7.02
TOTAL		\$70,161.63		

Source	Annual Cash
Dividends	6,434.80
Interest	5,750.04
Liquid assets	7.02
Total Income	12,191.85
Past quarter	13,362.63
Change	-1,170.78

Allocation of major ASPT Assets		
Equity	295,550.25	63.8%
Income Invest.	97,630.72	21.1%
Subtotal Invest.	393,180.97	84.9%
Liquid Assets	70,161.63	15.1%
Total	\$463,342.60	100%

Changes			
Time frame	Value	Change	% change
Past quarter	\$399,277.34	\$64,065.26	16.05%
1 yr.	\$495,896.24	-32,553.64	-6.6%

2008 Realized Capital Gain/Loss				Cost	Sale value	Gain (Loss)
700	Pfizer	05 Jan 2005	26.291	18,403.95	9,777.99	-\$8,625.96
Total						-8,625.96

Warren Wagner, 12 July 2009
Chair, ASPT Finance

ASPT Restricted Funds Calculator

Fund	Cost last year	Current Cost	Change	Value	% of Total	Shares	Est Income (yr)
Named Funds (permanently restricted)							
Cooley Award	23,075.10	23,075.10		19,819.07	5.1%	2,341.047	632.89
Asa Gray Award	14,648.92	14,648.92		12,108.21	3.2%	1,430.233	401.78
ASPT Endowment	11,952.40	11,952.40		10,517.52	2.6%	1,242.339	327.82
Grad Student Fund 1	34,460.19	34,460.19		35,652.46	7.6%	4,211.302	945.16
McVaugh Grad Student Fund	21,554.00	21,554.00		18,352.14	4.8%	2,167.772	591.17
Shirley and Alan Graham Fund	21,601.00	21,601.00		18,459.07	4.8%	2,180.403	592.46
William Anderson Fund	21,907.00	21,907.00		18,835.55	4.9%	2,224.872	600.85
General Funds (Council restricted)							
"new named fund"	5465.00	5,465.00		4,585.39	1.2%	541.63	149.89
Webster Award	5000.00	5,000.00		4,195.19	1.1%	495.54	137.14
ASPT General Fund	300,505.72	291,520.40	-\$8,985.32	250,656.37	64.6%	29,607.765	7,995.68
Total	\$460,169.33	\$451,184.01	-\$8,985.32	\$393,180.97	100%	46,442.90	\$12,374.85

Share Price \$ 8.47 on 30 June 2009 Cash \$70,171.63 Total Assets \$463,352.60

Summary change in shares in 2009

Date	Fund	Purchase	Share price	No. Shares	Previous No.	New total No.
16 Apr 2009	ASPT Fund	-\$8,985.32	\$7.61	-1,180.72536	29,607.765	28,427.03964
	Total	-\$8,985.32				

Share price Initiated on 19 Feb. 2005 @ \$10

General Note: When a stock is sold and another purchased the gain from the sale and any additional cash needed for the purchase are added to the ASPT General Fund.