



AIAA Foundation Annual Report  
2014–2015

*... A supplement that includes information from the AIAA Annual Report 2014–2015*



*Mission: To recognize aerospace industry accomplishments and support educational efforts at all levels.*

*Vision: To introduce students to the creativity of science and engineering for the aerospace industry.*

## AIAA Foundation

It was a transformational year for the AIAA Foundation and we are very excited about the positive changes.

A new mission and vision that more accurately reflect who we are and what we aspire to accomplish was developed by the trustees.

The Foundation Board of Trustees (BoT) was restructured. In prior years the BoT was mainly composed of AIAA Past Presidents. Now the BoT includes representation from our corporate partners as well.

- Michael Griffin (Chair), Schafer Corporation
- James Albaugh (Trustee), Boeing Commercial Airplanes (Retired)
- Steve Gorrell (Trustee), Brigham Young University
- Dana "Keoki" Jackson (Trustee), Lockheed Martin
- Ray Johnson (Trustee)
- Mark Lewis (Trustee), Science & Technology Policy Institute
- Sandy Magnus (President), AIAA
- John Tracy (Trustee), The Boeing Company
- Bill Seymore (Secretary/Treasurer), AIAA
- Robert Winn (Trustee), Engineering Systems, Inc.

A Director of Development was hired to create and implement a strategic approach to fundraising that will include annual fund drives, corporate donor programs, legacy and memorial giving, as well as other outreach to members and supporters.

The Foundation website was refreshed to highlight the new and exciting changes that have taken place. The donation pages were redesigned to make it easier for individuals to support the Foundation's educational and professional development programs such as our classroom grants, undergraduate scholarships and



graduate awards, student paper conferences, design competitions, and new programs that are coming on board.

A new STEM K-12 Committee has been chartered under the auspices of the Foundation. This committee will coordinate, propose, and implement STEM K-12 outreach programs that inspire the next generation of aerospace professionals. One of the committee's newest efforts is to once again bring STEM outreach programming to each of the AIAA forums. Members and volunteers are working toward creating a STEM Experience @ AIAA Forums. The pilot program will take place at AIAA SPACE 2015 and will consist of hands-on experiences and demonstrations to engage middle school students, teachers, and aerospace professionals in an interactive way and stimulate excitement about aerospace.

A university-level internship program, in honor of Alexander R. Norris, aircraft design engineer, was established by his daughter Laurie Norris and her late husband Clarence Pearson. Ms. Norris pledged funds to the Foundation to support two AIAA Alexander Norris Space View Interns for five years. The intent of the internship is to demonstrate the relevance of professional contributions to a society like AIAA and what a professional society contributes to the profession. The interns have worked on a variety of projects throughout the year with the goal of interacting with each of AIAA's major divisions.

Lastly, Lockheed Martin made a transformative, multi-year corporate commitment to the Foundation. This generous donation will help reignite the AIAA Foundation programs and activities that our students and professionals enjoy.

The BoT is excited about the changes that have taken place over the past year and looks forward to continuing to stimulate innovation and inspire the next generation of aerospace scientists and engineers.

■ The AIAA Foundation Educator Achievement award winners were recognized at the 2015 AIAA Aerospace Spotlight Awards Gala. From left to right: Frank Culbertson, Orbital ATK; Mohamad Barbarji, West Point High School, West Point, VA; Gary Garber, Boston University Academy, Boston, MA; Kaci Heins, Northland Preparatory Academy, Flagstaff, AZ; Sandy Magnus, AIAA; Paul Weidorn, Wilde Lake High School, Columbia, MD; Heather Stewart, Paxton School, Paxton, FL; and Charles Bolden, NASA.



■ The 1st place team at AIAA Design/Build/Fly 2015, the University of Ljubljana – Slovenia.



## Student Engagement

AIAA continues to engage university student members in meaningful and rewarding ways. Through scholarships, design competitions, student conferences, and forum activities, AIAA provides opportunities for students, either at a local branch or as students at large, to work together as teams, have fun while learning, and network with future colleagues. These opportunities allow students to build relationships that will last throughout their careers.

- Nine undergraduate students received a total of \$18,750 from the AIAA Foundation Undergraduate Scholarship Program. The inaugural Vicki and George Muellner Scholarship for Aerospace Engineering was one of the nine scholarships awarded.
- The Graduate Awards Selection Committee reviewed many applications and selected two graduate students to receive \$5,000 each, and two students to receive \$2,500 and \$1,250, respectively.
- The 2014 Cessna Aircraft Company/Raytheon Missile Systems/AIAA Design/Build/Fly (DBF) Competition was held at Cessna East Field in Wichita, KS, 11–13 April 2014. There were 100 entries with 80 teams submitting a final report to be judged. Seventy-one teams participated in the flyoff (19 international). Approximately 700 students, faculty, and guests were present.
- The International Student Conference was held in January 2015, in conjunction with AIAA SciTech 2015, and prizes were awarded from the Foundation to the top students in the categories of Masters, Team, Community Outreach, and Undergraduate.

■ DBF 2014 — 1st place: University of California—\$2,500



■ DBF 2014 — 2nd place: University of California, Irvine—\$1,500



■ DBF 2014 — 3rd place: San Jose State University—\$1,000



■ DBF 2014 — Best paper: Cal Poly San Luis Obispo—\$100. This award is sponsored by the Design Engineering Technical Committee.

# Financials

## FY14: Positive Changes, Encouraging Results

Fiscal Year 2014 (FY14) was another transitional year for Institute operations and financial results. In FY14, the new Strategic Plan was completed. The new plan will help us to operate in challenging economic environments and will provide us with direction to create solid footing for growth in the Institute's relevance to the aerospace community and in our resulting financial bottom line. In FY14, continuing operations realized positive results for the first time in three years.

A favorable investment climate and prudent stewardship of the Institute's Endowment Portfolio allowed for continued investments in AIAA's growth and sustainability. In FY14, the institute used funds set aside in the endowment in FY13 to settle all of the AIAA Employee Pension Plan's current and future obligations and thus completed the plan termination process started in FY13. Due to this action, going forward, the Institute will save in excess of three quarters of a million dollars each year.

At year end, the Institute Endowment Portfolio balance was \$24,317,000 (after settlement of the AIAA Employee Pension Plan obligations).

As a result of the pension plan termination, the Pension Fund Portfolio decreased from \$11,547,000 in FY13 to \$0 (zero) in FY14. The decrease represents the closeout and settlement of all AIAA Employee Pension Plan obligations. Obligations to existing pensioners and vested employees in the plan required the purchase of annuities and distributions of lump sum payments as part of the plan termination process.

FY14 continued the Institute transition to a new conference business model, transitioning from our legacy conference events to five new forums: Science and Technology Forum and Exposition (SciTech); Defense and Security Forum; Aviation and Aeronautics Forum and Exposition (AVIATION);

Propulsion and Energy Forum and Exposition; and Space and Astronautics Forum and Exposition (SPACE). In FY14, lessons learned from the forums in FY13 led to new forum elements and integration levels that will appeal to a wider range of aerospace applications and system professionals and will help attract a broader audience to AIAA events than our legacy conference offerings. Forums also created improved economies of scale.

In FY14, AIAA continued its commitment to enhancing levels of service, creating and supporting world-class products and programs, and integrating technology that drives innovation in value delivery to our members, institutional and corporate partners around the world.

The net financial result of FY14 was positive, as indicated by the attached audited Consolidated Statements of Financial Position. There was an increase in the Institute's total assets to \$38,770,000 at the end of FY14, up from FY13's total of \$38,151,000, as well as an increase in the Institute's net assets to \$31,426,000 from FY13's \$26,789,000.

Accounting guidelines require the consolidation of financial results for AIAA and the AIAA Foundation. The complete financial results for AIAA and its related Foundation are provided in the following pages. Both AIAA and the AIAA Foundation are tax exempt under Section 501(c) (3) of the Internal Revenue Code. For FY14, AIAA received an unmodified clean audit opinion from our independent auditors, Johnson-Lambert & Co. LLP, concerning our consolidated financial statements. Key elements of our combined audited financial statements are found on the following pages.



William C. Seymore  
AIAA Secretary/Treasurer

A copy of the Institute's complete audited financial statements may be obtained by writing to:

**William C. Seymore**  
AIAA Secretary/Treasurer  
1801 Alexander Bell Drive,  
Suite 500  
Reston, VA 20191

# Consolidated Statements of Financial Position

Year ended September 30, 2014 (in thousands)

Year ended September 30, 2013 (in thousands)

	Institute	Foundation	Eliminations	Consolidated	Institute	Foundation	Eliminations	Consolidated
<b>Assets:</b>								
Cash and cash equivalents	\$ 3,358	\$ 13	\$ —	3,371	\$ 1,478	\$ 61	\$ —	\$ 1,539
Investments	24,317	6,241	—	30,558	26,186	5,364	—	31,550
Accounts receivable, net	371	6	—	377	491	4	—	495
Pledges receivable, net	—	4	—	4	—	74	—	74
Due from Foundation	99	—	(99)	—	50	—	(50)	—
Prepaid expenses and other current assets	372	3	—	375	386	1	—	387
Inventory	55	—	—	55	28	—	—	28
Beneficial interest in trusts	8,798	—	—	8,798	7,615	—	—	7,615
Fixed assets, net	1,400	—	—	1,400	1,917	—	—	1,917
<b>Total assets</b>	<b>\$ 38,770</b>	<b>\$ 6,267</b>	<b>\$ (99)</b>	<b>\$ 44,938</b>	<b>\$ 38,151</b>	<b>\$ 5,504</b>	<b>\$ (50)</b>	<b>\$ 43,605</b>
<b>Liabilities:</b>								
Accounts payable and accrued expenses	\$ 1,972	\$ 85	\$ —	\$ 2,057	\$ 2,443	\$ 58	\$ —	\$ 2,501
Due to Institute	—	99	(99)	—	—	50	(50)	—
Deferred member dues	2,844	—	—	2,844	3,021	—	—	3,021
Deferred subscriptions	1,721	—	—	1,721	1,462	—	—	1,462
Deferred other	730	10	—	740	721	—	—	721
Other liabilities	77	—	—	77	37	—	—	37
Capital lease obligation	—	—	—	0	12	—	—	12
Defined benefit pension liability	0	—	0	0	3,666	—	—	3,666
<b>Total liabilities</b>	<b>7,344</b>	<b>194</b>	<b>(99)</b>	<b>7,439</b>	<b>11,362</b>	<b>108</b>	<b>(50)</b>	<b>11,420</b>
<b>Net assets:</b>								
Unrestricted net assets	22,302	3,345	—	25,647	19,174	2,775	—	21,949
Temporarily restricted net assets	9,124	1,124	—	10,248	7,615	1,042	—	8,657
Permanently restricted net assets	—	1,604	—	1,604	—	1,579	—	1,579
<b>Total net assets</b>	<b>31,426</b>	<b>6,073</b>	<b>—</b>	<b>37,499</b>	<b>26,789</b>	<b>5,396</b>	<b>—</b>	<b>32,185</b>
<b>Total liabilities and net assets</b>	<b>\$ 38,770</b>	<b>\$ 6,267</b>	<b>\$ (99)</b>	<b>\$ 44,938</b>	<b>\$ 38,151</b>	<b>\$ 5,504</b>	<b>\$ (50)</b>	<b>\$ 43,605</b>

## Consolidated Statement of Activities

Year ended September 30, 2014 (in thousands)

	Institute	Foundation	Eliminations	Consolidated
<b>Revenue</b>				
Member services	\$ 4,046	\$ —	\$ —	\$ 4,046
Education	—	26	—	26
Technical publications	9,504	—	—	9,504
Outreach	158	—	—	158
Technical activities	6,955	—	—	6,955
Revenues before investment return, contributions and net assets released from restriction	20,663	26	—	20,689
Investment return	2,296	347	—	2,643
Contributions	45	267	—	312
Change in discount and allowance	—	(24)	—	(24)
Net assets released from restriction	26	249	—	275
Total revenue	23,030	865	—	23,895
<b>Expenses</b>				
Program services:				
Member services	3,538	44	—	3,582
Education	—	228	—	228
Technical publications	4,693	—	—	4,693
Outreach	1,170	—	—	1,170
Technical activities	4,864	—	—	4,864
Strategic plan initiatives and business development	406	—	—	406
Other program services	647	2	—	649
Custodial program	26	—	—	26
Fundraising	—	1	—	1
General and administrative	5,218	—	—	5,218
Total expenses before investment expenses	20,562	275	—	20,837
Investment expenses	24	—	—	24
Total expenses	20,586	275	—	20,861
Reclassification based on revision of donor intentions	—	(20)	—	(20)
Change in unrestricted net assets	2,444	570	—	3,014
Change in temporarily restricted net assets:				
Investment return	—	287	—	287
Contributions	1,183	44	—	1,227
Custodial program contributions	352	—	—	352
Net assets released from restriction	(26)	(249)	—	(275)
Change in temporarily restricted net assets:	1,509	82	—	1,591
Change in permanently restricted net assets:				
Contributions	—	5	—	5
Reclassification based on revision of donor intentions	—	20	—	20
Change in permanently restricted net assets	—	25	—	25
Change in net assets from operations	3,953	677	—	4,630
Pension related changes other than net periodic pension cost	684	—	—	684
Net change in net assets	4,637	677	—	5,314
Net assets, beginning of year	26,789	5,396	—	32,185
<b>Net assets, end of year</b>	<b>\$ 31,426</b>	<b>\$ 6,073</b>	<b>\$ —</b>	<b>\$ 37,499</b>

## Consolidated Statement of Activities

Year ended September 30, 2013 (in thousands)

	Institute	Foundation	Eliminations	Consolidated
<b>Revenue</b>				
Member services	\$ 3,991	\$ —	\$ —	\$ 3,991
Education	—	20	—	20
Technical publications	8,617	—	—	8,617
Outreach	316	—	—	316
Technical activities	5,621	—	—	5,621
Revenues before investment return, contributions and net assets released from restrictions	18,545	20	—	18,565
Investment return	3,517	423	—	3,940
Contributions	54	104	(75)	83
Change in discount and allowance	—	(108)	—	(108)
Net assets released from restriction	—	185	—	185
Total revenue	22,116	624	(75)	22,665
<b>Expenses</b>				
Program services:				
Member services	4,220	44	—	4,264
Education	—	247	—	247
Technical publications	4,747	—	—	4,747
Outreach	1,797	—	—	1,797
Technical activities	4,752	—	—	4,752
Strategic plan initiatives and business development	415	—	—	415
Other program services	512	—	—	512
Fundraising	75	28	(75)	28
General and administrative	5,634	—	—	5,634
Total expenses before investment expenses	22,152	319	(75)	22,396
Investment expenses	28	6	—	34
Total expenses	22,180	325	(75)	22,430
Reclassification based on revision of donor intentions	—	(1,055)	—	(1,055)
Change in unrestricted net assets	(64)	(756)	—	(820)
Change in temporarily restricted net assets:				
Investment return	—	334	—	334
Contributions	559	37	—	596
Net assets released from restriction	—	(185)	—	(185)
Reclassification based on revision of donor intentions	—	384	—	384
Change in temporarily restricted net assets	559	570	—	1,129
Change in permanently restricted net assets:				
Contributions	—	52	—	52
Reclassification based on revision of donor intentions	—	671	—	671
Change in permanently restricted net assets	—	723	—	723
Change in net assets from operations	495	537	—	1,032
Pension related changes other than net periodic pension cost	6,191	—	—	6,191
Net change in net assets	6,686	537	—	7,223
Net assets, beginning of year	20,103	4,859	—	24,962
<b>Net assets, end of year</b>	<b>\$ 26,789</b>	<b>\$ 5,396</b>	<b>\$ —</b>	<b>\$ 32,185</b>

# Consolidated Statements of Cash Flows

Years ended September 30,  
2014      (in thousands)      2013

## Cash flows from operating activities

Net change in net assets	\$ 5,314	\$ 7,223
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	563	591
Contributions restricted for long-term investment	(5)	(52)
Net realized and unrealized gains on investments	(2,064)	(3,502)
Changes in operating assets and liabilities:		
Accounts receivable, net	118	30
Pledges receivable, net	70	173
Beneficial interest in trusts	(1,183)	(559)
Prepaid expenses and other current assets	12	(7)
Inventory	(27)	5
Accounts payable and accrued expenses	(444)	(426)
Defined benefit pension liability	(3,666)	(5,408)
Other liabilities	40	(47)
Deferred revenue	101	725
Net cash used in operating activities	<u>(1,171)</u>	<u>(1,254)</u>

## Cash flows from investing activities

Proceeds from the sale of investments	4,649	10,759
Purchases of investments	(1,593)	(8,720)
Purchases of fixed assets	(46)	(157)
Net cash provided by investing activities	<u>3,010</u>	<u>1,882</u>

## Cash flows from financing activities

Contributions to be held permanently	5	52
Capital lease obligation	(12)	(36)
	<u>(7)</u>	<u>16</u>

Net change in cash and cash equivalents	1,832	644
Cash and cash equivalents, beginning of year	1,539	895
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 3,371</u></b>	<b><u>\$ 1,539</u></b>



**AIAA Foundation**

12700 Sunrise Valley Drive, Suite 200

Reston, VA 20191-5807

703.264.7500 • [www.aiaa.org](http://www.aiaa.org)