

Treasurer's Report  
AESS October 2002 Board of Governors Meeting

2 October 2002

1 - 2001 FINANCIAL RESULTS

The final 2001 results are only about \$1k different from the preliminary results given in my April report. The net AESS loss was \$142K for 2001. Normal operations had a surplus of \$233K, but the tax allocation to AESS, as our society's share of IEEE/TAB infrastructure costs, was \$375K. The AESS Net Worth on 1 January 2002 was \$842K.

2 - 2002 FINANCIAL STATUS

The considerable IEEE/TAB budget activity in 2001 resulted in an unusual 2002 budget development. This process was described at length in my October 2001 and April 2002 reports. The final AESS budget for 2002 shows a net surplus of \$225K. This budget includes total infrastructure recovery charges for 2002 that are nearly \$100K less than those for 2001. The budget has a zero entry for investment returns in 2002.

My current forecast for 2002 is a surplus of \$50K to \$100K instead of the budgeted \$225K. This estimate is based upon:

(1)- Costs incurred in 2001 for the member survey (\$15K) and for the donation (\$5K) to the Historical Electronics Museum were not booked in 2001 but will be booked in 2002.

Net Impact - (\$20K)

(2)- Final conference distributions from the NAECON Board Account and from the 2001 National Radar Conference were made in 2001, but had been estimated for 2002. As a result, \$35K and \$30K, respectively, of estimated revenue in the 2002 budget will not be received. This \$65K of income loss is partially offset by \$15K of net revenue from 2000 PLANS that was not booked until 2002.

Net Impact - (\$50K)

(3)- The budget includes a TAB "Challenge" (of expense reduction and/or revenue increase) of \$34K I noted in April 2002 that the only way that I could see to achieve this increased revenue is to book additional revenue from Aerospace conference closings and distributions from the Aerospace Conference Board Account. This matter is still in process, but now I do not expect these revenues to be booked in 2002.

Net Impact - (\$34K)

(4)- Investment results so far in 2002 have continued to suffer from the declining stock market and I am uncertain of the direction for the balance of the year

Net Impact - (\$50K ??)

In addition to these factors, TAB estimates for AESS Book Broker revenue in 2002 is about \$100K higher than that received in 2001. I am not confident that this is a realistic estimate. Care must be continued for the rest of this year to hold our expenses to budget, particularly where budgets have been reduced.

3 - 2003 BUDGET

I am pleased to report that the development of the 2003 budget has been much less of a problem than I anticipated in April. The budget cycle for 2003 is well advanced and AESS has received and accepted a "Second Pass" budget from TAB with significant changes that improve the Society's position. The AESS response to the "First Pass" draft from TAB was accepted without argument by TAB. This response included:

- (1) the increased fees that were approved by the Board in April
- (2) corrections to the estimates for dues and conference income (see April report)
- (3) our removal of the \$35K of Tab "Challenge" expense reduction

The AESS response resulted in a 2003 net budget surplus of \$191K compared to a surplus of \$281K in the "First Pass" draft from TAB.

The "Second Pass" from TAB increases the AESS 2003 budget surplus to \$209K. This increase results from a reduction in Direct and Indirect Corporate Infrastructure charges and a change in the algorithm for allocating indirect infrastructure costs between societies. The budget includes no income from the AESS investment account

and total conference revenue to AESS of \$105K. In my opinion, this budget is reasonable as long as we continue our recent policies of conservative expenditures.

#### 4 - SUGGESTED ACTIONS

I recognise that there are several areas where increased expenditures may result in benefits to the society. I suggest that we develop plans and proposed budgets for these activities so that they may be considered next Spring in the 2004 budget.

Charles H. Gager,  
Treasurer