

## 2003 FINANCIAL RESULTS

### A- 2003 BUDGET SURPLUS- VERY GOOD NEWS

The preliminary reports of 2003 results show a remarkably high net surplus of \$639K for the year. This compares to a budgeted surplus of \$234K and is a record for any year of the society. In my report to the October BoG meeting, I estimated that the 2003 surplus would be about \$200K. without investment returns and also indicated that unpredictable Book Broker and IEEE investment returns would provide further impact to the final result. Fortunately, all of these elements have produced positive results.

1- The surplus from all conferences that closed in 2003 was \$174K, a net amount almost \$70K greater than budgeted. In addition, the total publications net was only \$8K below budget, in spite of increased Systems Magazine expense (for quality improvement) and decreased subscription revenue.

2- A net surplus of \$6K was billed by IEEE/TAB to AESS in the Administrative Account. The budget for this account had a deficit of \$311K. This large account differential resulted from reduced infrastructure charges and positive investment market distributions, each due to improved earnings of the IEEE investment account.

3- In spite of earlier TAB predictions of below budget revenue from Book Broker to AESS, the year end result included revenue of \$302K, an amount \$17K greater than budgeted.

### B- AESS FIVE YEAR FINANCIAL HISTORY

The five year history of the Society's revenues, expenses, surpluses, and reserves follows. In this data, we have stated the AESS revenues and expenses without the gross revenue and expenses of our sponsored conferences, but showing booked conference surplus as AESS revenue. IEEE financial reports include the total conference revenues and expenses, but I believe that the basis used here gives a clearer picture of funds that are under direct AESS control. Another peculiarity in the expense line of the five year figures results from the IEEE accounting practice since 2001 of showing the AESS share of IEEE investment income as negative expense. This practice increased expenses in 2001 and 2002, when investment returns were poor, and much reduced expenses in 2003.

#### Year 2003 (Preliminary)

Revenues	\$ 969K
Expenses	\$ 330K
Surplus	\$ 639K
Reserve	\$1440K

#### Year 2002

Revenues	\$ 864K
Expenses	\$ 905K
Surplus	(\$ 41K)
Reserve	\$ 801K

#### Year 2001

Revenues	\$ 847K
Expenses	\$ 988K
Surplus	(\$ 142K)
Reserve	\$ 840K

#### Year 2000

Revenues	\$710K
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Expenses	\$601K
Surplus	\$109K
Reserve	\$983K

<u>Year 1999</u>	
Revenues	\$979K
Expenses	\$578K
Surplus	\$401K
Reserve	\$872K

#### 2004 BUDGET AND INITIAL FORECAST

The final AESS budget for 2003 shows a net surplus of \$246K with a zero entry for investment returns. Early financial reports indicate that we will again experience loss in publication subscription revenues by more than \$25K. At this early time, I do not see further significant problems in accounts controlled by AESS.

As we have seen in 2003, TAB infrastructure expenses and APP/Book Broker income can have serious impact on our final result. The 2004 budget values for these accounts are based upon the negative investment returns of 2001 and 2002, probably a very conservative estimate.

#### 2005 BUDGET.

The budget cycle for 2004 has started in April. AESS received a "First Pass" draft in early April and must supply our inputs and modifications by 5 May. When compared to our 2004 budget, TAB estimates slightly increased APP and Book Broker revenue and slightly increased charges and infrastructure allocation. Reduced revenue is anticipated from individual member and non-member subscriptions, following the trends over the last five years. The "First Pass" budget also includes slight extrapolations of other expense line items to arrive at a net AESS 2005 surplus of \$173K, not including any revenue or loss from the investment account. We are currently reviewing this draft to determine modifications that are needed for our 5 May submission. After our inputs, I anticipate that the estimated 2005 "First Pass" budget surplus will be between \$150K and \$175K.

#### BOG DECISIONS FOR 2004 BUDGET INPUTS

##### 1- Changes to AESS dues and fees for 2005

The TAB "First Pass" 2005 budget had no increase in the \$25 annual member dues and the \$25 member subscription for Transactions. I believe that we should keep these charges at these amounts.

I recommend that the annual 2005 non-member subscription rates for the Transactions and Systems be increased to \$750 and \$350, respectively. These values are the IEEE recommended levels for 2005, based upon their market comparison with the prices of competitive publications. The 2004 rates are \$685 and \$335, respectively.

##### 2- Changes to Transactions and Systems page counts

I recommend no changes

##### 3- New AESS initiatives for 2005

Are any initiatives with cost impact greater than \$5K planned?

Charles H. Gager,  
Treasurer