Treasurer’s Report

Aaron Wagner

ITSoc BoG meeting
July 2019
Paris
IEEE Accounting in One Slide

2018

- General funds
  - Surplus
    - 3%
    - 50%

- Special projects (new inits)
  - 3%

2019

- General funds
  - Surplus
    - 3%
    - 50%

- Special projects (new inits)
  - 50%

Reserves (Endowment)
IEEE Accounting in One Slide

2018

- General funds
  - Surplus: 50%
  - Special projects (new inits): 3%

2019

- General funds
  - Surplus: 50%
  - Special projects (new inits): 3%

IEEE Foundation
(Movie, Awards)
2018 General Funds
Final results announced May 14, 2019
Final results announced May 14, 2019
Budgeted surplus: $8K.
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
Final results announced May 14, 2019

- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
- Source of the variance between budget and final:
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
- Source of the variance between budget and final:
  - +$106 in conference profit (Thank you, Vail, for the $190K surplus!)
Final results announced May 14, 2019

- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
- Source of the variance between budget and final:
  - +$106 in conference profit (Thank you, Vail, for the $190K surplus!)
  - -$16 in extra spending on committees
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
- Source of the variance between budget and final:
  - +$106 in conference profit (Thank you, Vail, for the $190K surplus!)
  - -$16 in extra spending on committees
  - +$147 in Transactions profit
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
- Source of the variance between budget and final:
  - +$106 in conference profit (Thank you, Vail, for the $190K surplus!)
  - -$16 in extra spending on committees
  - +$147 in Transactions profit
  - +$47 in reduced “tax” to IEEE
Final results announced May 14, 2019

- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).

Source of the variance between budget and final:
- +$106 in conference profit (Thank you, Vail, for the $190K surplus!)
- -$16 in extra spending on committees
- +$147 in Transactions profit
- +$47 in reduced “tax” to IEEE

[Great! But this masks some negative trends...]
2018 General Funds

- Final results announced May 14, 2019
- Budgeted surplus: $8K.
- Forecasted surplus as of Vail BoG meeting: -$68K.
- Forecasted surplus as of Allerton BoG meeting: +$81K.
- Final surplus announced in May: +$292K (!).
- Source of the variance between budget and final:
  - +$106 in conference profit (Thank you, Vail, for the $190K surplus!)
  - -$16 in extra spending on committees
  - +$147 in Transactions profit
  - +$47 in reduced “tax” to IEEE

  [Great! But this masks some negative trends...]
On *Transactions* Profit
On Transactions Profit

- The +$147 in Transactions profit comes from
On Transactions Profit

- The +$147 in Transactions profit comes from
  - Beating revenue the estimate by $10K ("only" decreased by $30K)
On *Transactions* Profit

- The $147 in *Transactions* profit comes from
  - Beating revenue the estimate by $10K ("only" decreased by $30K)
  - IEEE charging us $137K less for production. Approximately speaking:
The +$147 in Transactions profit comes from

- Beating revenue the estimate by $10K ("only" decreased by $30K)
- IEEE charging us $137K less for production. Approximately speaking:

  Transactions costs ≈ page-count x per-page production charge
On *Transactions* Profit

- The +$147 in *Transactions* profit comes from
  - Beating revenue the estimate by $10K (“only” decreased by $30K)
  - IEEE charging us $137K less for production. Approximately speaking:
    \[ \text{Transactions costs} \approx \text{page-count} \times \text{per-page production charge} \]
  - IEEE retroactively reduced the per-page production charge for 2018.
The +$147 in Transactions profit comes from

- Beating revenue the estimate by $10K ("only" decreased by $30K)
- IEEE charging us $137K less for production. Approximately speaking:

  \[ \text{Transactions costs} \approx \text{page-count} \times \text{per-page production charge} \]

- IEEE retroactively reduced the per-page production charge for 2018.

Aaron’s Theory

The IEEE publishing house has mainly fixed costs which are billed to Societies, perhaps for historical reasons, mainly as variable (per-page) charges. So higher IEEE-level page volumes during the year lead to lower per-page charges to Societies, which lead to year-end rebates to us if our page-count remains fixed.

exacerbated by "pagecount bluffing" and the "pagecount cycle"
On *Transactions* Profit

- The +$147 in *Transactions* profit comes from
  - Beating revenue the estimate by $10K (“only” decreased by $30K)
  - IEEE charging us $137K less for production. Approximately speaking:
    \[
    \text{Transactions costs} \approx \text{page-count} \times \text{per-page production charge}
    \]
  - IEEE retroactively reduced the per-page production charge for 2018.

---

**Aaron’s Theory**

The IEEE publishing house has mainly fixed costs which are billed to Societies, perhaps for historical reasons, mainly as variable (per-page) charges. So higher IEEE-level page volumes during the year lead to lower per-page charges to Societies, which lead to year-end rebates to us if our page-count remains fixed.

exacerbated by “pagecount bluffing” and the “pagecount cycle”

- IEEE also points to some one-time efficiency improvements in 2018
On Transactions Profit

- The +$147 in Transactions profit comes from
  - Beating revenue the estimate by $10K ("only" decreased by $30K)
  - IEEE charging us $137K less for production. Approximately speaking:
    \[
    \text{Transactions costs} \approx \text{page-count} \times \text{per-page production charge}
    \]
  - IEEE retroactively reduced the per-page production charge for 2018.

- IEEE also points to some one-time efficiency improvements in 2018.
- It’s nice that IEEE rebates the savings, but not nice that they time the rebates so that we can’t use them.

Aaron’s Theory

The IEEE publishing house has mainly fixed costs which are billed to Societies, perhaps for historical reasons, mainly as variable (per-page) charges. So higher IEEE-level page volumes during the year lead to lower per-page charges to Societies, which lead to year-end rebates to us if our page-count remains fixed.

exacerbated by “pagecount bluffing” and the “pagecount cycle”
Transactions Trends (from Vail Meeting)

- **Revenues**: Mostly determined by clicks.
- **Costs**: Mostly pagecount x per-page charge [forecasted].
- **Profit**:
Trends: Transactions

Year

000 USD


1200
1000
800
600
400
200
0
Profit now looks to be more constant
Profit now looks to be more constant

Can we expect per-page costs to continue to decline?
Profit now looks to be more constant

Can we expect per-page costs to continue to decline?

If not, then the 2018 cost reduction merely buys us time until an inevitable reckoning....
2018 Special Projects

- We had $83K to spend and spent $68K:
  - Brit Cruise videos: $30k
  - Children's book: $8k
  - Latin American Week on Coding and Information: $15K
  - Web: $15

- Thank you to everyone who lead projects
2019 General Funds

- Budgeted surplus: $46K.
- $E[\text{surplus | the past up to Jul. 7}] = $80K$
  - Trans. revenue slightly higher than expected
  - Trans. costs slightly lower than expected
  - Paris surplus up
  - Committee costs up
- I recommend spending some of the expected surplus ....
<table>
<thead>
<tr>
<th>Expense</th>
<th>Budget</th>
<th>Deviation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools</td>
<td>$39K</td>
<td></td>
<td>$39K</td>
</tr>
<tr>
<td>Newsletter</td>
<td>$26K</td>
<td></td>
<td>$26K</td>
</tr>
<tr>
<td>Membership</td>
<td>$10K</td>
<td>+$10</td>
<td>$20K</td>
</tr>
<tr>
<td>Awards</td>
<td>$20K</td>
<td></td>
<td>$20K</td>
</tr>
<tr>
<td>DL Program</td>
<td>$4K</td>
<td>+$8K</td>
<td>$12K</td>
</tr>
<tr>
<td>Pub. Committee</td>
<td>$5K</td>
<td></td>
<td>$5K</td>
</tr>
<tr>
<td>Matt. Travel</td>
<td>$5K</td>
<td></td>
<td>$5K</td>
</tr>
<tr>
<td>Officer Travel</td>
<td>$2K</td>
<td></td>
<td>$2K</td>
</tr>
<tr>
<td>Chapters</td>
<td>$1K</td>
<td></td>
<td>$1K</td>
</tr>
<tr>
<td>Web</td>
<td>$0K</td>
<td></td>
<td>$0K</td>
</tr>
</tbody>
</table>
2019 Special Projects

- $120K (3% rule) + $145K (50% rule) = $265K (!)
  - Special sessions at ISIT 2019 (Aaron): $55K
  - Recording events at ISIT 2019 (Aaron/Emina): $41K
  - Web server upgrade phase II (Brian): $40K + $24K (overbudget)
  - REACH initiative (Vince): $37.5K
  - One additional Youtube videos (Matthieu): $15K
  - **Student travel grants for regions 8 (but not EU), 9, and 10 (Aaron/Vijay/Daniela): $20K (needs approval)**
  - External speakers at ITA 2019 (Aaron/Alon): $10K
  - D&I event at ISIT 2019 (Elza): $5K
  - ISIT one-day registrations (Aaron): $4K (becomes operational)
  - Publicity for “Small Bits” book (Christina): $13K
$120K (3% rule) + $145K (50% rule) = $265K (!)
- Special sessions at ISIT 2019 (Aaron): $55K
- Recording events at ISIT 2019 (Aaron/Emina): $41K
- Web server upgrade phase II (Brian): $40K + $24K (overbudget)
- REACH initiative (Vince): $37.5K
- One additional Youtube videos (Matthieu): $15K
- Student travel grants for regions 8 (but not EU), 9, and 10 (Aaron/Vijay/Daniela): $20K (needs approval)
- External speakers at ITA 2019 (Aaron/Alon): $10K
- D&I event at ISIT 2019 (Elza): $5K
- ISIT one-day registrations (Aaron): $4K (becomes operational)
- Publicity for “Small Bits” book (Christina): $13K

Total: $264.5K
2019 Special Projects

- $120K (3% rule) + $145K (50% rule) = $265K (!)
- Special sessions at ISIT 2019 (Aaron): $55K
- Recording events at ISIT 2019 (Aaron/Emina): $41K
- Web server upgrade phase II (Brian): $40K + $24K (overbudget)
- REACH initiative (Vince): $37.5K
- One additional Youtube videos (Matthieu): $15K
- Student travel grants for regions 8 (but not EU), 9, and 10 (Aaron/Vijay/Daniela): $20K (needs approval)
- External speakers at ITA 2019 (Aaron/Alon): $10K
- D&I event at ISIT 2019 (Elza): $5K
- ISIT one-day registrations (Aaron): $4K (becomes operational)
- Publicity for “Small Bits” book (Christina): $13K

All of this money must be spent in 2019!
Motion to Approve Travel Grant

Whereas,

- ISIT 2019 obtained funds for student travel support from US and EU funding agencies; and

- Only students at US and EU schools, respectively, are eligible for those funds; and

- The Conference Committee chair received a request from a Society member in India conveying the need for similar support for students outside of the US and EU; and

- The Society seeks to support activities in Asia and other regions that are underrepresented in the Society;

It is resolved,

- That the Board of Governors authorizes the expenditure of 20K USD of 2019 new initiative funds to provide retroactive travel grants to students attending ISIT 2019 from Regions 8 (Africa, Europe [excluding those students eligible for support under the ISIT EU travel grant], and the Middle East), 9 (Latin America), and 10 (Asia and the Pacific).
2020 Budget

- IEEE sent us a draft budget with a surplus of $112K.
- Major changes from 2019 budget:
  - Transactions revenues down $50K, as usual, but ...
  - Transactions costs down by $60K.
  - ISIT LA surplus about $40K greater than Paris
  - No Australian school in 2020
  - New journal projected to make $30K profit (incl. 5K travel)
  - IEEE has reduced the “tax” rate they charge us
2020 Budget

- IEEE sent us a draft budget with a surplus of $112K.
- In consultation with the officers, I submitted our response on July 2 with a $88K surplus.

Changes on our end from 2019 budget:

- Added additional funds for BoG meetings, BoG travel, officer/member travel to IEEE meetings, and staff travel.
- Membership committee increased from $10K to $20K.
- Increased DL funds from $4K to $12K
- Increased JTG/Indian School from $7K to $10K
- Webserver again part of operational budget: $17K.
2020 Special Projects

- East Asian School (Stark): $30K
- “Hot-topic Workshops” (Henry and Emina) $25K (needs approval)
- Travel grants for students outside Europe and North Amer. (Aaron/Vijay/Daniela): $25K (needs approval)
- “Reaching out to K3-K8” (Christina and Emina) $20K (needs approval)
- “Edutainment” videos (Salim) $15K (needs approval)
- Web server upgrade (Brian): $14K
- Childcare at ISIT 2020 (Aaron): $6K
- D&I event at ISIT 2020 (Elza): $6K
- ISIT one-day registrations (Aaron): $5K (yields operational $$!!)
- Ancillary Professional Development Workshops (Emina) $5K
- Conjecture Prizes (Parastoo) ~$1K in expectation

Total: $152K
Motion to Approve Travel Grant

Whereas,

- ISITs generally obtain funds for student travel support from US and EU funding agencies; and

- Only students at US and EU schools, respectively, are eligible for those funds; and

- The Conference Committee chair received a request from a Society member in India conveying the need for similar support for students outside of the US and EU; and

- The Society seeks to support activities in Asia and other regions that are underrepresented in the Society;

It is resolved,

- That the Board of Governors authorizes the expenditure of 25K USD of 2020 new initiative funds to provide retroactive travel grants to students attending ISIT 2020 from Regions 8 (Africa, Europe [excluding those students eligible for support under any ISIT EU travel grants], and the Middle East), 9 (Latin America), and 10 (Asia and the Pacific).
The Ad-Hoc Finance Committee
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
  - Long-term financial trends, esp. wrt the Transactions
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
  - Long-term financial trends, esp. wrt the Transactions
  - How to interpret IEEE’s forecasts
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
  - Long-term financial trends, esp. wrt the Transactions
  - How to interpret IEEE’s forecasts
  - Whether to spend/bank surplus late in the year + how?
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
  - Long-term financial trends, esp. wrt the Transactions
  - How to interpret IEEE’s forecasts
  - Whether to spend/bank surplus late in the year + how?
  - Process for approving:
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
  - Long-term financial trends, esp. wrt the Transactions
  - How to interpret IEEE’s forecasts
  - Whether to spend/bank surplus late in the year + how?
  - Process for approving:
    - New inits
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....
- Will meet and discuss:
  - Long-term financial trends, esp. wrt the Transactions
  - How to interpret IEEE’s forecasts
  - Whether to spend/bank surplus late in the year + how?
  - Process for approving:
    - New inits
    - The budget
The Ad-Hoc Finance Committee

- Approved at the Vail meeting
- Has not yet met ....

Will meet and discuss:

- Long-term financial trends, esp. wrt the Transactions
- How to interpret IEEE’s forecasts
- Whether to spend/bank surplus late in the year + how?
- Process for approving:
  - New inits
  - The budget
  - Deviations from the budget
What is a New Initiative?

From IEEE’s Financial Operations Manual

Language common to 3% and 50% rule: This funding would be intended for OU new initiative activities (activities with a limited expected life of one to three years). Items normally carried within the budget (including items that have been considered operational, such as staffing, existing publications, members services, governance activities, awards, etc.) shall not be funded under this rule.

For the 3% rule: Any multi-year initiative which requires funding in future years will need to re-qualify annually.

For the 50% rule: Any activities funded under this rule shall be completed during the current year unless provided for in the following year’s approved budget.