Treasurer’s Report
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1 Our reserves and expenses: 2000 - 2006

![Graph showing reserves and expenses over time]

Figure 1: Reserves (square) as compared to Expenses (circle) over time.

2 Key Numbers for 2006 as of Sep 25 2007

- Loans outstanding (owed to us) $49.5K
- Current “Cash” Reserve $1924.7K
- 2006 Operating Surplus $416K
- 2006 Investment Returns $151.3K
3 “One-time” Spending Opportunity: Update

As I presented last time, TAB has approved a new rule. It is now possible to spend half of the previous year’s operating surplus in the current year without going through a budget cycle. For us, this opportunity works out to $208K. This is a great opportunity to invest for the long term health of the society.

Our large surplus is due to a lucky combination of:

- A changed accounting rule so that many different years’ conferences’ surpluses all showed up together in fiscal 2006.
- Unexpectedly strong conference surpluses in those years.
- An outdated rule for distributing conference revenue that unfairly favors the IT society by about 100K per year.

In response to BoG questions, I have verified:

- Neither purchase orders nor signed contracts count towards this limit. The money has to leave our account this calendar year.
- The current forecasts for next year’s budget remain positive. Assuming that the stock and bond markets do not result in a large negative market fluctuation, we have about 200K that we can safely spend in 2008 on currently off-budget items. This means that it is not a matter of spend this money now or there is no room to invest in the future.

4 Risks going forward

The existing reserves are capable of absorbing about 3 years worth of total disaster conferences (assuming $450K loss per ISIT and $75K loss each for a couple of ITWs). Thus, if everything stays the same, we seem to be adequately covered from a self-insurance perspective.

There has been no reduction in the uncertainty regarding two major sources of income to the society — our share of IEEE Xplore for the Transactions and our share of the revenue from Conference Publications. Combined, these bring in about $1M per year under the current rules. This just barely covers our core $1M society expenses (including publications and tribute paid to IEEE), and thus cannot contribute to insuring against the risk of market fluctuations nor subsidize/insure the conferences.

No update on the possible new formulas for revenue from the Conference Publications in Xplore that takes into account how often those papers are downloaded. This will not hit us in 2008.

My recommendation remains that it is not advisable to relax financial discipline regarding either conference expenses or registration fees. We need the conference surpluses since they are currently the only reliable source of revenue within our control. The society’s current 10% surplus target is already half of the IEEE guidelines. The fiscally responsible approach to reducing registration fees is to find a way to reduce our conference expenses, or to find ways of growing attendance in a way that reduces per-attendee cost.