

VP Finance Report

**AEES Officers Meeting
Ottawa Canada
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**Mark E Davis
medavis@ieee.org**

Outline / Issues

- **AESS Finance Strategic Plan**
- **2012 & 2013 Budgets Compared to recent History**
- **Issues in creating an AESS Budget**
- **Summary**

Financial Strategic Plan

(ME Davis First Independent Look)

Objective: The AES Strategic Plan for Finances should be focused on realistic planning for future years to protect the current sources of income (Conference and Publications), and put resilience in the planning for unforeseen cost increases (IEEE Projects, Accounting Rules and Investment Market fluctuations)

Short Term Actions:

1. Strengthen Budgeting Process for establishing 2014 budget.
2. Strengthening the AESS liaison to Conferences and Publications to understand financial risk and upside investment funds potential for AES Initiatives

Three-Year Goals (2013-2015)

1. Understand publication moves (Magazine and Xplore -- Open Publications) and their impact on future financial flows.
2. Work with Conferences to Increase the Surplus returned to AES by ~~10~~⁵ percent a year.
3. Put checks and balances in the planning to improve the AESS Initiative planning, and protect against being put on Watch List.

IEEE Financial/Budget Process

Source: Ruth Dyer, VP Finance IMS 2012 Tutorial on IEEE Finance

- In a given year, a Society manages budgets from 3 different years
 - Final accounting for last year's budget
 - Review and make adjustments to forecast for current year's budget
 - Prepare and revise next year's budget
- Budget Process
 - Final accounting in March for last year
 - Post Operating Net ($ON = \text{Revenue} - \text{Expenditures}$)
 - Receive Investment Income (Inv Inc) ← **Biggest Risk !**
 - Compute Total Society Net ($TN = ON + \text{Inv Inc}$)
 - 2013 Reserves = 2012 Reserves + TN
- IEEE treatment of Reserves (established in 2008)
 - 50% rule : If final ON > 0 in previous year, then the Society can spend 50% of ON in **current year**
 - 3% rule: If reserves-to-expense-ratio (RER) for entire IEEE & Society > 50%, then 3% of Society reserves can be added as expenses to **next year's** budget for **new initiatives**
- Watch List: If ON < 0, after adjusting for reserve allowances (50% and 3% rules), for two years in a three-year window, Society is put on a **Watch List**

Conference Income – 2014 Budget

2014 IEEE S/C BUDGET FOR THE PERIOD ENDING DECEMBER 31, 2014

BUSINESS UNIT - 0100 AEROSPACE AND ELECTRONIC SYSTEMS SOCIETY - DIVISION IX
COST CENTER - 01700 MEETINGS/CONFERENCES

ACCOUNT NUMBER	PRIOR YEAR ACTUALS				2013 BUDGET	2014 BUDGET
	2009 ACTUALS	2010 ACTUALS	2011 ACTUALS	2012 ACTUALS		
Conference Publications Distribut 3360000000	377.1	404.1	395.2	387.0	343.7	301.1
Conference Income 3610000000	1,353.5	1,876.2	1,821.6	1,797.7	1,880.1	1,863.9
Total Income	1,730.6	2,280.3	2,216.8	2,184.6	2,223.8	2,165.0
Insurance 4170000000	0.0	0.0	0.0	0.0	0.0	0.0
Bad Debt 4146000000	0.0	0.0	0.0	3.2	0.0	0.0
Conference Expense 4999000000	1,022.2	1,406.9	1,496.6	1,318.0	1,412.3	1,438.0
Pursvc-Other 5019010NAE	0.0	0.0	0.0	1.8	0.0	0.0
RmbSvc - Conference Publicator 6022000000	0.0	0.0	0.0	0.0	0.0	0.0
Total Expense	1,022.2	1,406.9	1,496.6	1,323.0	1,412.3	1,438.0
Total Net	708.4	873.4	720.2	861.6	811.5	727.0
Projection Dec 2012	708.4	873.4	720.2	762.0	815.9	

Do We Understand These Changes ?

Issues in Predicting AESS Budget

- **Membership statistics: AESS total “stuck” at 4700. Budget 2011 planned on 10 percent increase. (5100). Now tracking at 4400.**
- **IEEE Investment Accounts: cannot predict markets!!**
- **Publications: need to understand the business model for new AESS Magazine publishing costs.**
- **Conferences**
 - **Only 3 Financial Conferences Included in 2013 Budget**
 - **New policy on Technical Cosponsorship and Open Source Publishing may have a major impact on Operations.**
- **New IEEE “initiatives”**
 - **Retroactive charges for IEEE medical and pension costs?**
 - **Open Source publication – no revenue stream, and charging Conferences for publications in Xplore**

Summary

- **Great Benefit from IMS Financial Tutorial**
- **IEEE Policy and Accounting Changes**
 - Charges for Retirement and Medical Insurance
 - Policy Changes in Technical Cosponsorship Conferences
 - Open Publications Initiative – will this reduce the IEEE Xplore funds flow with no increase in Conference Revenues
- **2013 AESS Budget Activity**
 - What are the Publications and Conference numbers likely to be?
 - Keep AESS off of the Watch List
 - Generate funding for AESS Initiatives.
- **Continuing to Learn How IEEE Does Financial Planning**
 - Attend IEEE Financial Workshop in March?

Next Day's Material

IEEE History of AESS Budget (ca. Dec 2012)

SUMMARY BY COST CENTER	2009 ACTUALS	2010 ACTUALS	2011 ACTUALS	2012 BUDGET	2013 BUDGET
00100 INTEREST INCOME	0.0	0.0	0.0	0.0	0.0
00380 TRANS ON AEROSP & ELECT SYS	473.5	475.1	467.2	490.4	512.3
00381 AEROSPACE & ELECT. SYS. MAG.	290.1	286.2	257.9	234.5	237.0
01499 PERIODICAL RELATED - OTHER	1.5	0.4	0.5	0.4	0.4
01600 NON PERIODICAL		2.9	2.2	4.6	4.6
01700 MEETINGS/CONFERENCE		2,280.3	2,216.8	2,160.3	2,228.2
01701 CONFERENCE RELATED		0.0	0.1	0.0	0.0
01702 GRANT		5.5	0.0	0.0	0.0
01800 ADMINISTRATION		0.0	0.0	0.0	0.0
01900 COMMITTEE & OTHER		0.5	0.2	0.0	0.0
TOTAL INCOME		3,050.9	2,944.8	2,890.2	2,982.5
00100 RMBSVC-INTEREST INCOME	(756.5)	(195.0)	310.4	0.0	0.0
00380 TRANS ON AEROSP & ELECT SYS	278.3	479.6	396.9	279.1	281.3
00381 AEROSPACE & ELECT. SYS. MAG.	500.9	372.0	426.4	381.6	385.0
01499 PERIODICAL RELATED - OTHER	4.6	(0.0)	50.0	8.7	8.6
01600 NON PERIODICAL	13.4	13.7	9.0	7.0	5.5
01700 MEETINGS/CONFERENCES	1,022.2	1,406.9	1,496.6	1,398.3	1,412.3
01701 CONFERENCE - RELATED	1.9	1.9	1.9	2.0	2.0
01702 GRANT	0.0	5.5	0.0	0.0	0.0
01800 ADMINISTRATION	319.0	355.3	378.2	427.5	440.5
01900 COMMITTEE & OTHER	253.4	255.6	368.5	372.6	360.7
TOTAL EXPENSE/RMBSVC	1,637.2	2,695.5	3,437.8	2,876.8	2,896.0
TOTAL NET	864.2	355.4	(493.0)	13.4	86.5

**Publications
Net Income**
64.2K (2012)
83.0K (2013)

Cause of Last Year Loss ?

AESS Budget – History and 2014

2014 IEEE S/C BUDGET FOR THE PERIOD ENDING DECEMBER 31, 2014

BUS UNIT - 0100 SUMMARY BY COST CENTER	2009	2010	2011	2012	2013	2014
	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET
00100 INTEREST INCOME	0.0	0.0	0.0	0.0	0.0	0.0
00380 TRANS ON AEROSP & ELECT SYS	473.5	475.1	467.2	465.3	583.8	431.1
00381 AEROSPACE & ELECT. SYS. MAG.	290.1	286.9	257.9	272.7	176.3	146.6
00382 AEROSPACE & ELECT. FEES	0.0	0.0	0.0	0.0	74.5	82.3
01499 PERIODICAL RELATED - OTHER	1.0	0.0	0.5	0.0	0.4	0.4
01600 NON PERIODICAL	5.0	0.0	2.2	0.0	4.6	0.0
01700 MEETINGS/CONFERENCES	1,730.0	0.0	6.8	2,184.6	2,223.8	2,165.0
01701 CONFERENCE RELATED - OTHER	0.0	0.0	0.1	(0.0)	0.0	(0.0)
01702 GRANT	0.0	0.0	0.0	0.0	0.0	0.0
01800 ADMINISTRATION	0.0	0.0	0.0	0.0	0.0	0.0
01900 COMMITTEE & OTHER	0.0	0.0	0.2	0.4	0.0	0.4
TOTAL INCOME	2,501.6	2,501.6	4.8	2,923.0	3,063.5	2,825.7
00100 RMBSVC-INTEREST INCOME	(756.5)	(195.0)	285.2	(253.9)	0.0	0.0
00380 TRANS ON AEROSP & ELECT SYS	278.3	479.6	396.9	404.2	281.8	426.0
00381 AEROSPACE & ELECT. SYS. MAG.	500.9	372.0	426.4	381.1	354.4	364.2
01499 PERIODICAL RELATED - OTHER	4.6	(0.0)	50.0	7.7	5.7	8.2
01600 NON PERIODICAL	13.4	13.7	9.0	5.3	5.7	5.9
01700 MEETINGS/CONFERENCES	1,022.2	1,406.9	1,496.6	1,323.0	1,412.3	1,438.0
01701 CONFERENCE - RELATED	1.9	1.9	1.9	9.9	2.0	2.0
01702 GRANT	0.0	5.5	0.0	0.0	0.0	0.0
01800 ADMINISTRATION	319.0	355.3	378.2	419.2	440.7	286.7
01900 COMMITTEE & OTHER	253.4	255.6	368.5	276.0	341.2	287.2
TOTAL EXPENSE/RMBSVC	1,637.2	2,695.5	3,412.5	2,572.7	2,843.9	2,818.1
TOTAL NET	864.2	355.4	(467.7)	350.2	219.6	7.6

Publications
Projected
Net Income
123.9K (2013)
212.5K (2014)

IEEE Investment Account

THE PERIOD ENDING DECEMBER 31,		2013 IEEE S/C BUDGET							
BUSINESS UNIT - 0100 AEROSPACE AND ELECTRONIC SYSTEMS SOCIETY - DIVISION IX COST CENTER - 00100 INTEREST INCOME		PRIOR YEAR ACTUALS						2012	2013
ACCOUNT NUMBER		2006 ACTUALS	2007 ACTUALS	2008 ACTUALS	2009 ACTUALS	2010 ACTUALS	2011 ACTUALS	BUDGET	BUDGET
Interest-Fixed Income Fund	3910000000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Management Fee	3920000000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Interest	3985000000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Income		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pursvc-FAS158 (Pension Funding)	50700FA158	0.0	0.0	292.1	0.0	36.4	166.9	0.0	0.0
Pursvc-Market Fluctuation	50700MKTFL	0.0	0.0	1,138.6	0.0	0.0	58.2	0.0	0.0
Pursvc-Other (IEEE New Initiatives)	50700OTHER	0.0	0.0	77.5	76.5	115.5	85.3	0.0	0.0
Rmbsvc-Short Term Investments	6013000000	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rmbsvc-Long Term Investments	6013100000	(268.2)	(123.2)	0.0	(771.1)	(347.0)	0.0	0.0	0.0
Rmbsvc-(Pension Funding)	60131FA158	0.0	0.0	0.0	(61.9)	0.0	0.0	0.0	0.0
Total Rmbsvc-Interest Income		(268.2)	(123.2)	1508.3	(756.5)	(195.0)	310.4	0.0	0.0
Total Net		268.2	123.2	(1508.3)	756.5	195.0	(310.4)	0.0	0.0

+ = Bad
() = Good

Need To Make Provisions For Investment Account in Budget
→ Pension Funding, Market Fluctuation, IEEE New Initiatives

AESS Conference Accounts

2013 IEEE S/C BUDGET PERIOD ENDING DECEMBER 31, 2013

BUSINESS UNIT - 0100 AEROC SYSTEMS SOCIETY - DIVISION IX
COST CENTER - 01700 MEET

PRIOR YEAR ACTUALS

IEEE Conf Pubs

	COUNT NUMBER	2008 ACTUALS	2009 ACTUALS	2010 ACTUALS	2011 ACTUALS	2012 BUDGET	2013 BUDGET
Conference Publication	3360000	413.4	377.1	404.1	395.2	352.5	348.1
Conference Income	3610000	1,870.5	1,353.5	1,876.2	1,821.6	1,807.8	1,880.1
Total Income		2,283.9	1,730.6	2,280.3	2,216.8	2,160.3	2,228.2
Insurance	4170000	0.0	0.0	0.0	0.0	0.0	0.0
Bad Debt	4146000	0.0	0.0	0.0	0.0	0.0	0.0
Conference Expense	4999000	1,428.4	1,022.2	1,406.9	1,496.6	1,398.3	1,412.3
RmbSvc - Conference	6022000	0.0	0.0	0.0	0.0	0.0	0.0
Total Expense		1,428.4	1,022.2	1,406.9	1,496.6	1,398.3	1,412.3
Total Net		855.5	708.4	873.4	720.2	762.0	815.9

VP Conference

There Is A Historically Large Difference Between
IEEE HQ and AESS VP Conferences

AESS Publications – History and 2014 Budget

**2014 IEEE S/C BUDGET
FOR THE PERIOD ENDING DECEMBER 31, 2014**

BUSINESS UNIT - 0100 AEROSPACE AND ELECTRONIC SYSTEMS SOCIETY - DIVISION IX
COST CENTER - 00380 TRANS ON AEROSPACE & ELECT SYS

ACCOUNT NUMBER	PRIOR YEAR ACTUALS				2013 BUDGET	2014 BUDGET
	2009 ACTUALS	2010 ACTUALS	2011 ACTUALS	2012 ACTUALS		
Management View						
Total Income and Reimbursed Services	473.5	475.1	467.2	465.3	583.8	431.1
Total Expenses and Purchased Services	278.3	479.6	396.9	404.2	281.8	426.0
NET	195.2	(4.6)	70.3	61.0	302.0	5.1
Incremental Printing Expenses (\$000's)	41.3	168.7	15.0	0.0	43.5	0.0
Customer Service (Paid&Repl)	1.0	0.8	0.1	0.0	0.0	0.0
Total Incremental Print costs (\$1000)	42.4	169.4	15.1	0.0	43.5	0.0
Total Print Subs	1171	1062	54	0	0	0
Cost/Print Sub	\$36.2	\$159.5	\$278.8			
Effective Print Sub Price	\$ 32.03	\$ 33.40				
	-12.5%	-9.3%	-94.9%	-100.0%	-100.0%	-100.0%

Publications (P Willett) Input On 2014 Budget

- As regards the Magazine (tab 381), we're pretty close. The budget for 2013 is \$354k our projection is about \$360k; and the budget is inflated to \$364k for 2014.
- I might consider raising both "Press Work" and "Composition" to \$55k from \$49k ... both are Allen Press invoices. As regards the Transaction (tab 380), the budgeted figures are probably OK, but I'm not sure about the categories.
- First, please remember that our page count (T AES tab on budget) was increased to 3744 for 2012 ... this was temporary, to push down our backlog (thanks, BoG!). We should have 3200 pages now.
- But to tab-380 details: again, I think the the bottom line is fine. (Expenses seem to wander from category from category every year, don't they!).
- I would budget \$180k for composition (line 41) and \$160k for Editor Fee (line 38) and \$15k for Editorial Reimbursed Expenses (line 40).

AESS Initiatives

NEW 2008 INITIATIVES/CARRYOVER FROM PRIOR YEAR

Project	(please check one)		Proposed \$	Cost Center/ Account Number	(please check one)	
	New	Carryover			Ongoing	Onetime
1) IAF Membership		X	6000	01900- 40955	X	
2) International Directors		X	40000	01900- 40896	X	
3) Web Based Tutorial	X		53200	01900-46040		X

NEW 2009 INITIATIVES/CARRYOVER FROM PRIOR YEAR

Project	(please check one)		Proposed \$	Cost Center/ Account Number	(please check one)	
	New	Carryover			Ongoing	Onetime
1) On Line Tutorial Base	X		\$25,000	01900-40833-CONTU		X
2) New Student Chapter Incentiv	X		\$25,000	01900-40831-STUDN		X
3) Student Lecture Development	X		\$25,000	01900-40898-STUDN		X
4) Advanced Web Site Concept	X		\$20,000	01900-40843-000000		X

NEW 2010 INITIATIVES/CARRYOVER FROM PRIOR YEAR

Project	(please check one)		Proposed \$	Cost Center/ Account Number	(please check one)	
	New	Carryover			Ongoing	Onetime
1)						

NEW 2011 INITIATIVES/CARRYOVER FROM PRIOR YEAR

Project	(please check one)		Proposed \$	Cost Center/ Account Number	(please check one)	
	New	Carryover			Ongoing	Onetime
1)						

NEW 2012 INITIATIVES/CARRYOVER FROM PRIOR YEAR

Project	(please check one)		Proposed \$	Cost Center/ Account Number	(please check one)	
	New	Carryover			Ongoing	Onetime
1)						
2)						
3)						
4)						

No Initiatives Since 2009