

Treasurer's Report

(Prepared by Anant Sahai: sahai@eecs.berkeley.edu)
2007 IEEE Information Theory Society Board of Governors Meeting
Nice 2007

1 Our reserves and expenses: 2000 - 2006

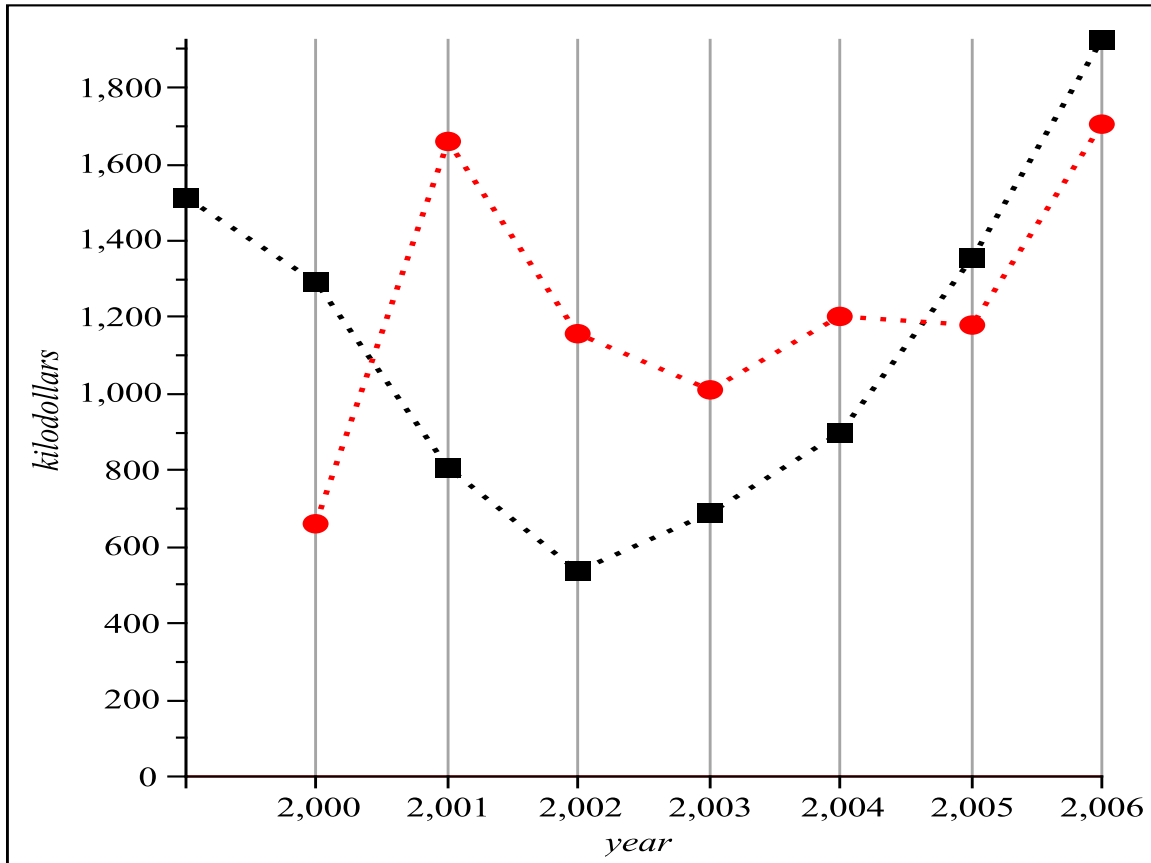


Figure 1: Reserves (square) as compared to Expenses (circle) over time.

2 Key Numbers for 2006 as of June 1st 2007

Loans outstanding (owed to us)	\$64.5K
Current "Cash" Reserve	\$1924.7K
Estimated 2006 Operating Surplus	\$416.2K
Estimated 2006 Investment Returns	\$149.9K

3 “One-time” Spending Opportunity

TAB has approved a new rule that was communicated to us before the last BoG meeting. It is now possible to spend half of the previous calendar year’s operating surplus in the current calendar year without going through a budget cycle and the resulting budget spending limit of 3% of reserves. For us, this opportunity works out to \$208K. This is a great opportunity to invest for the long term health of the society.

This sudden surplus is due to a “perfect storm” 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- An outdated rule for distributing conference revenue that unfairly favors the IT society by about 100K per year.

Next calendar year, the calculation would be based on this year’s operating surplus. That is not expected to be large. Of course, we could draw down reserves in the future (subject to the 3% limit), but doing so for more than 2 years in a row would get us onto the watch list.

4 Risks going forward

The existing reserves are now 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.

Unfortunately, there continues to be considerable 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 (nonstationary) rules. This just barely covers our core \$1M society expenses (including publications and tribute paid to IEEE), and thus cannot really contribute to insuring against the risk of market fluctuations nor subsidize/insure the conferences.

There is going to be a new formula for covering infrastructure spending that aims to reduce our risks in the long run but will likely drop our Xplore revenue by upto 20% in the next few years. This will be offset by a reduction in the charges levied upon us for indirect infrastructure and the result is predicted to be a small net positive, although it is not clear what the actual impact will be.

Beyond 2008, there is likely to be a new formula for revenue from the Conference Publications in Xplore that takes into account how often those papers are downloaded. The impact of this for the IT society is currently predicted to be strongly negative (a loss on the order of \$100K per year), although this too could change depending on how popular our Conference Publications become in terms of clicks.

As a result, 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.