

Financial Report - 2000-2003

As a non-profit organization of ergonomics societies around the world, the IEA finances its activities by membership fees of its member societies and sustaining members, capitation fees, donations and other income. The IEA operates accounts in U.S. Dollars (USD). The fiscal year-end is December 31. Financial statements are prepared using the cash basis of accounting, and the balance sheet tables and the statement of operations for the period are attached. As noted in the tables, the financial situation of the IEA remained stable during the report period of 2000-2003.

The growth of IEA equity components since 1987 is indicated in Figure 1. There has been a gradual increase in the assets together with continued contributions to the funds created at the IEA. The total assets at the start of 2000 were thus equivalent to USD \$ 153,233. At the end of 2002, the total assets were equivalent to USD \$201,520. These assets include funds based on contributions from some member societies for supporting ergonomics activities in industrially developing countries and a special fund for the Liberty Mutual Prize. The loans reserve of \$35,000 was established to ensure that adequate funds are available to provide seed money for conferences as approved by the Council from time to time.

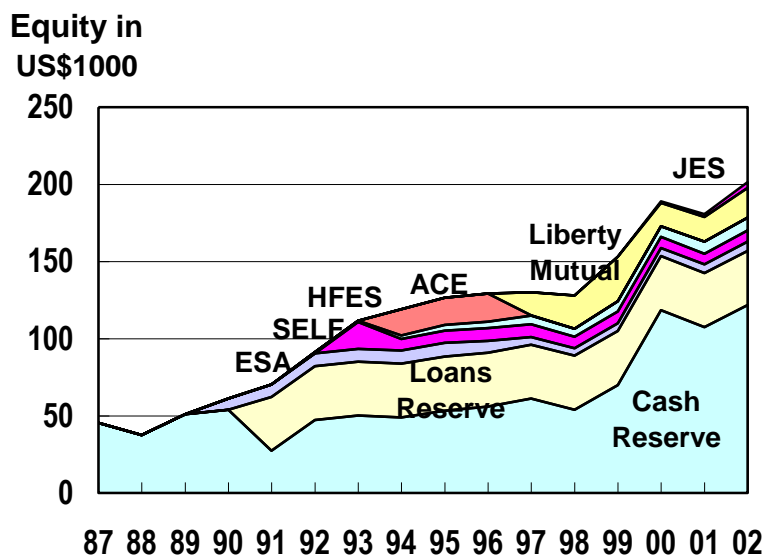


Figure 1: IEA Equity History

The financial health of the IEA is indicated by the Cash Reserve since this is the amount available for discretionary spending. The cash reserve at the start of 2000 was equivalent to USD \$70,070. At the end of 2002, the cash reserve was over USD \$121,000, keeping the similar level over the three year period. The cash reserve is sufficient for our current level of activity and it is normal for non-profit organizations to keep on hand a reserve sufficient to cover their annual budget. For planning more expanded activities and programs, however,

new sources of revenues will have to be found.

Net Worth

The total assets of the IEA as at December 31, 2002 were equivalent to USD \$201,520. Eighty percent of the assets were held in current accounts with the Scotiabank of Canada; 30% were invested in guaranteed term deposits, about half in US Dollars term deposits, and 12% were moneys receivable from loans provided as seed money.

Figure 2 shows the current liabilities and equity of the IEA as at December 31, 2002. There are no amounts owing to external parties. The cash reserve represents the amount available for operational expenditures. The balance of the assets is held in reserves or funds as shown in the figure.

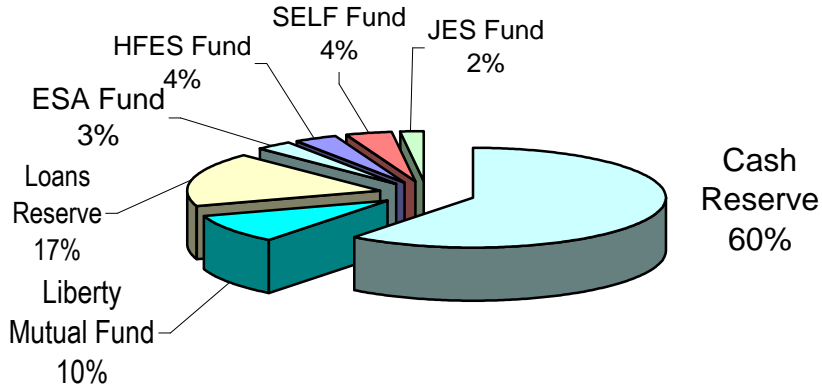


Figure 2: Liability and Equity as at December 31, 2002

Revenue Sources

Figure 3 shows the proportion of income for the three-year period of 2000-2003. Main revenue sources were from membership dues, capitation fees, contribution to IEA Funds and miscellaneous sources such as interest. As clearly shown by the figure, the principal sources of our operating capital were derived from dues and capitation fees. About 56% of the total income came from membership dues, 33% from member societies and 23% from sustaining members. It should be noted that the IEA has changed its membership dues formula since 2000 to base the calculation on US Dollar terms. While society membership dues have remained substantially constant, sustaining membership fees, capitation fees and other sources have become increasingly important in covering operating expenses for new activities.

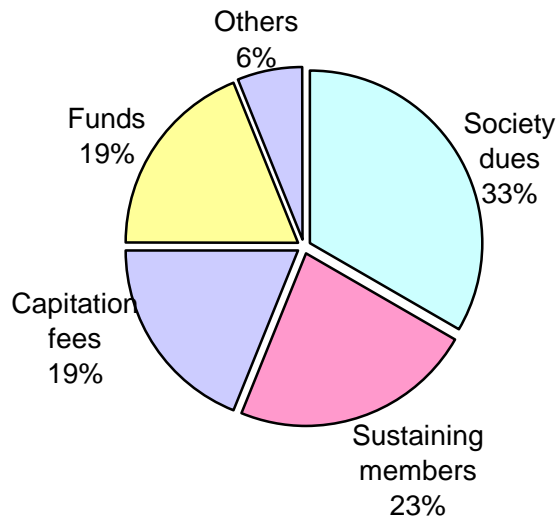


Figure 3: Revenue Sources 2000-2003

Capitation fees

The capitation fees during the report period derived primarily from the IEA Congress in 2000. The total of the capitation fees during the report period amounted to US\$ 51,175. It is important to secure capitation fees from other types of conferences co-sponsored or endorsed by the IEA.

Operations

The main categories of expenditures included executive and administrative expenses, committee expenses, provision of grants, the publication of *Ergonomics International*, the printing of brochures, meeting costs, and other miscellaneous expenses. The expenditures for the three-year period amounted to USD \$221,578, on the average about USD \$73,000 per year. The relative proportions spent in these main areas during the period 2000-2003 are shown in Figure 4. Most of the expenditures for the executive expenses and for committees within the Executive Committee were for travel and related administrative costs. These were mainly for organizing the Executive Committee meetings held twice or three times a year to plan and review IEA activities and the annual Council meetings. The expenses through the Awards Committee including those for the Liberty Mutual Prizes and Medal became substantial. Part of the executive and committee expenses was also spent for task force meetings dealing with new initiatives such as membership issues and the ergonomics quality in design program. Meeting costs concerned the Executive Committee and Council meetings.

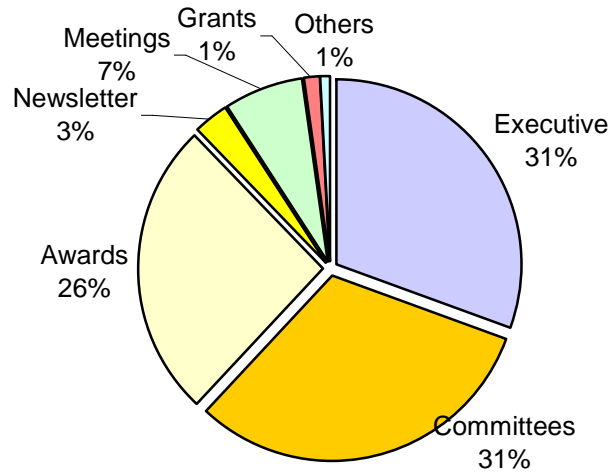


Figure 4: Expenditures 2000-2003

It should be noted that the levels of these expenditures varied from year to year mainly due to the fact that the levels were higher in the year of the Triennial IEA Congress. Thus the financial situation of the IEA should be examined on the basis of the total three-year expenditures, as depicted in Figures 3 and 4.

Grants

Grants were provided for supporting scientific conferences held in industrial developing countries and in part for assisting participants from those countries in these and other IEA related conferences.

Funds Administered by the IEA

At the present time, the IEA manages five special funds. Three of these funds have been established from surplus income by societies that have hosted IEA Congresses. The ESA Fund for Southeast Asia, the HFES Fund for Ergonomics in Developing Countries and the SELF Fund are used to promote ergonomics in industrially developing countries and to support the organization of conferences, seminars and meetings in these countries. Another Fund, the ACE Fund, had been closed in 1998, with a small remaining amount transferred to the HFES Fund. Another new fund, the JES Fund, was created to support ergonomics activities in the industrially developing countries using the annual donations from the Japan Ergonomics Society. The fifth fund, the Liberty Mutual Fund, has been created for operating the Liberty Mutual Prizes accorded to individuals for an original activity leading to a better understanding of preventing or mitigating occupational accidents. A policy was established for the creation and management of funds which ensures that funds will be managed in accordance with the wishes of the organizations that have created the funds. It is expected that more funds will be created in the future.

Bequests and Endowments

The policy regarding bequests and endowments has been established to facilitate this form of fund raising. Such gifts will help the IEA to develop professional societies in new regions, promote educational programs in industrially developing countries, participate in the activities of UN organizations, harmonize professional standards for certification, develop strategic directions for the discipline, facilitate the exchange of scientific and technical information and promote international collaboration.

Sustaining Memberships

There are four categories of sustaining membership established for international corporations. These are Gold Level, Platinum Level, Diamond Level and Star Level. for corporate members. Individual sustaining members are also invited to contribute annual fees. The number of new sustaining members increased during the report period, including eight new members at Gold, Platinum and Diamond Levels and four individual sustaining members. See Part VI for description of Sustaining Membership Program.

BALANCE SHEET COMPARISON FOR 2000, 2001 AND 2002

| | 2002 | 2001 | 2000 |
|----------------------------------|----------------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash accounts | 13,707 | 8,083 | 64,681 |
| Term deposit | 163,778 | 166,096 | 123,189 |
| Seed Funds Receivable | 24,035 | 4,035 | 1,035 |
| Total | 201,520 | 178,214 | 188,905 |
| EQUITY | | | |
| ESA Fund for South East Asia | 6,078 | 5,680 | 5,282 |
| HFES Fund for Ergonomics in IDCs | 7,321 | 6,808 | 6,797 |
| SELF Fund | 8,299 | 7,757 | 7,215 |
| Loans Reserve | 35,000 | 35,000 | 35,000 |
| JES Fund | 3,669 | 1,934 | 903 |
| Liberty Mutual Fund | 19,339 | 16,031 | 15,249 |
| Cash Reserve | 121,814 | 105,004 | 118,459 |
| Total | 201,520 | 178,214 | 188,905 |

STATEMENT OF OPERATIONS COMPARISON FOR 2000, 2001 AND 2002

| | 2002 | 2001 | 2000 |
|--|-------------------|------------------|-------------------|
| REVENUE | | | |
| Membership Dues | | | |
| Society Members | 31,435 | 29,312 | 27,787 |
| Sustaining Members | 20,200 | 20,413 | 19,000 |
| Capitation Fees | 850 | - | 50,325 |
| Interest | 3,446 | 7,268 | 4,304 |
| Contribution towards HFES/JES Funds | 2,323 | 1,531 | 1,903 |
| Contribution toward Liberty Mutual Fund | 15,000 | 15,000 | 15,000 |
| Miscellaneous | 435 | 500 | 47 |
| Total | 73,689 | 74,024 | 118,366 |
| EXPENDITURES | | | |
| Executive and Administrative Expenses | | | |
| Office-related Expenses | 3,000 | 3,204 | 3,140 |
| Travel | 12,449 | 19,267 | 16,923 |
| Clerical | 6,335 | 2,025 | 1,500 |
| Committees | | | |
| Awards | 12,753 | 13,548 | 30,589 |
| Policy and Planning | 2,374 | 4,444 | 4,243 |
| Science, Technology and Practice | 3,451 | 2,609 | 5,184 |
| Professional Standards and Education | 1,563 | 3,167 | 4,132 |
| Industrially Developing Countries | 3,402 | 5,632 | 5,833 |
| Communication and Public Relations | 3,121 | 5,612 | 14,980 |
| Newsletter | 2,034 | 1,736 | 2,812 |
| Meeting Costs | 2,749 | 4,884 | 8,312 |
| Fees and bank charges | 517 | 495 | 559 |
| Grants | - | 1,000 | 2,000 |
| Total | 53,748 | 67,623 | 100,207 |
| OPERATING SURPLUS (DEFICIT) | 19,941 | 6,401 | 18,159 |