

IEA TREASURER'S REPORT

January - December 2011

Klaus J. Zink

1. Summary of Financial Performance

1.1. Accounting and banking procedures

As in the past, IEA carried out its financial operations in 2011 in U.S. Dollars (US\$). The IEA business year coincides with the calendar year, January 1 through December 31. A cash basis of accounting was employed. Revenues were noted and recorded when received, and expenses were noted and recorded when paid.

We continued to maintain and carry out our financial activities with “Scotiabank” in Ottawa, Canada and have an account with “Kreissparkasse” in Kaiserslautern, Germany. Six separate accounts exist:

- In Canada: An Active Cash Account (ACA) into which income was deposited and from which payments were usually made; two Guaranteed Investment Certificates (GICs) that are interest bearing accounts. In addition, there is a PayPal Account to collect dues and an Operating Account with “Scotiabank” into which the PayPal balance can be transferred.
- In Germany: An Active Cash Account (ACA) in combination with a credit card for paying IEA expenditures related to EC and Council meetings.

Because the IEA Congress is held every third year, and because there are significantly greater expenses during years of the congress, it is customary for the annual Treasurer's Report to show revenue and expenditures for the past three years. This additional information provides the basis for better understanding expenditures as well as a longer-term picture of IEA's financial status.

1.2. Overview of 2011 financial performance

- a. Total revenue - The total revenue for the 2011 business year was \$56,508. This includes the Canadian Active Cash Accounts (\$57,710), the German Active Cash Account (\$130), the PayPal Account (\$ 945) and the interest earned in the GIC Accounts and exchange rate losses (-\$2,277)*. There are seven categories into which the sources of revenue can be grouped: federated and affiliated societies dues, sustaining member dues, capitation fees, interest, contributions to special funds, awards, and miscellaneous. The amounts of revenue received in each of these categories are presented in Table 3.

* To have all amounts in USD one Guaranteed Investment Certificates (GICs) Account which is invested in CAD has to be converted in USD. This leads to book profits or losses.

- b. Total expenditures - The total expenditures of both Active Cash Accounts during 2011 were \$50,847. The expenditures can be grouped into five categories: Officers and Administration, Standing Committees, Liberty Mutual Promotion, Fees and Bank Charges, Seed Money. The amounts spent in each of these categories are presented in Table 8.
- c. Assets - The assets show the use of funds. This includes, in particular, invested capital and working capital (including Seed Fund Receivables). IEA's assets at the end of 2011 totaled \$302,342. The funds in each of the Scotiabank accounts are shown in Table 1 below.

Table 1. Scotiabank Accounts and Seed Fund Receivable

Active Cash Accounts* (ACA), Canada	51,795
Active Cash Account (ACA), Germany	6,475
PayPal Account, Canada	945
Guaranteed Investment Certificate (GIC)	219,627
Seed Fund Receivables	23,500
Total	302,342

- d. Equity - The liabilities side of a balance sheet reflects the source of funds of an organization (classified by equity and debt). In the context of current business activities of the IEA only the equity and reserves are relevant. This is the part of capital that remains after deducting all payables. While IEA's funds are held in the Scotiabank accounts indicated above, the money is actually earmarked for certain categories of expenditures. Two general categories are annual operations and special reserves. The annual operations include revenues from membership dues, capitation fees, interest, and other receipts. Expenditures in this category include the administrative work of the officers and office support, the work of the standing committees, meeting costs, and other recurring activities.

The special reserves category includes a loan fund of \$35,000 that was established several years ago to ensure a supply of seed funds for conferences in the future. There were also five special funds in this category whose purpose generally is to promote and support ergonomics in developing countries (IDCs). The Liberty Mutual Award is also in this category.

* Currently, the Operating Account contains an amount of 0.08 CAD, just to test the PayPal function. Furthermore, this amount is not considered.

2. Assets and Equity

Table 2 presents IEA's assets and equity for 2011 and for the previous two years.

Table 2. Assets and equity per 31 December 2011

ASSETS:	2011	2010	2009
Cash Accounts	58,270	85,084	43,169
Term (GIC) Deposits	219,627	188,100	181,379
PayPal Account	945	-	-
Seed Fund Receivable	23,500	12,024	0
Total	302,342	285,208	224,548
EQUITY:	2011	2010	2009
IDC Funds	32,625	34,325	38,259
<i>ESA</i>	5,426	5,426	5,426
<i>HFES</i>	5,496	8,496	8,496
<i>JES</i>	12,080	10,780	14,714
<i>SELF</i>	7,647	7,647	7,647
<i>ESK</i>	1,976	1,976	1,976
Liberty Mutual Fund	33,988	36,988	21,988
Loan Reserve	35,000	35,000	35,000
Cash Reserve	200,729	178,895	129,301
Total	302,342	285,208	224,548

Comments on Special Funds and Liberty Mutual Fund

- a. Special Funds - One of IEA's goals is to advance the science and practice of ergonomics at an international level. In striving to achieve this goal, significant effort and resources have been focused on ergonomics in developing areas. The five special funds are essentially dedicated to that purpose. During 2011 there was a contribution of the Japan Ergonomics Society (JES, \$1,300). Following up the IEA support of a coffee project in Nicaragua last year the HEFS fund financed expenditures for a second stage of this project in 2011 with an amount of \$3,000.
- b. Liberty Mutual Fund - This fund provides financial support for the IEA/Liberty Mutual Award of \$10,000 that – in general – is awarded annually. Funding for the IEA/Liberty Mutual Award is provided by Liberty Mutual Insurance Company. The Liberty Mutual Fund contained a positive balance of \$36,988 at the beginning of 2011. This amount was a carry-over from previous contributions and expenditures. During 2010, a contribution of \$15,000 for 2011 was received in advance. This year \$3,000 were paid for Award Committee Services in 2010 and 2011. The money for the winner of the Liberty Mutual Award 2011 will be transferred in 2012. Based on these facts we have a balance of \$33,988 in the fund at the end of 2011.

3. Revenues

Table 3 presents a summary of IEA revenues during 2011 and Table 4 the revenues "adjusted".

Table 3. Revenues in 2011 compared to previous years

Year	2011	2010	2009
REVENUE:			
Membership Dues			
- Federated and affiliated societies	47,292	43,114	41,051
- Sustaining members	7,775	9,975	14,154
Capitation fees	2,277	27,533	2,612
Interest and exchange value	(2,277)	6,599	11,022
Contributions (JES)	1,300	11,066	1,997
Liberty Mutual Fund	-	15,000	30,000
Misc	141	1,733	0
Total	56,508	115,020	100,836

Table 4. "Adjusted" revenues in 2011 compared to previous years

Year	2011	2010	2009
REVENUE (Table 3)	56,508	115,020	100,836
REVENUE "adjusted":			
Liberty Mutual Fund			
- Since the amount of \$15,000 for 2011 was pre-paid in 2010, it has to be assigned to 2011 revenue.	15,000	(15,000)	
- Since the amount of \$15,000 for 2010 was pre-paid in 2009, it has to be assigned to 2010 revenue.		15,000	(15,000)
Capitation Fees from 2009 Congress in China			
- This amount has to be assigned to the year 2009.		(26,613)	26,613
Total	71,508	88,407	112,449

3.1 Comments on revenue

- a. Membership - As shown in Table 3 and 4, membership income includes two categories: dues from federated and affiliated societies and dues from sustaining members. In 2011, there were 48 federated societies and one affiliated society. Table 5 shows the federated and affiliated societies and the dues paid as of

December 31, 2011. Sustaining members fees for 2011 are shown in Table 6. The reduction in 2011 is caused by an advanced payment of the fees from 3M in 2010.

- b. Capitation Fees – One capitation fee of \$1,197 was received for the conference "Workability 2010" in Tampere. Another one is for the "10th ODAM" conference (\$1,080).
- c. Interest, Contributions, and Liberty Mutual Fund – These categories of revenue have been discussed. One additional comment concerns the amount of the interest and exchange values in Table 3. As shown in this table, the amounts vary from year to year. This variation is due to the value of the US dollar in relation to the Canadian dollar.
- d. Miscellaneous – The amount of this category is based on royalty for a book publication which has been pre-financed (\$141).

Table 5. Dues payments during 2011 by federated and affiliated societies

Federated and affiliated societies			Dues owed	Dues paid	Amount (in USD)	Comments
1	ABERGO	Brazil	'10; '11	'10; '11	794.51	
2	ACE	Canada	'10; '11	'10; '11	5,001.85	
3	ADEA	Argentina	'11	'11	59.85	
4	AEE	Spain	'11	'11	220.60	
5	AEERGO	Ecuador	'09; '10; '11	'09; '10; '11	152.93	
6	APERGO	Portugal	'11			
7	AUEA	Ukraine	'11	'11	43.38	
8	BES	Belgium	'11	'11	230.23	
9	ChES	China	'09; '10; '11			
10	CrES	Croatia	'09; '10; '11			
11	CzES	Czech	'11	'11; '12; '13	150.00	In advance
12	ERGOSS	Singapore	'10; '11			
13	ESS	Serbia	'08; '09; '10; '11			
14	ESK	Korea	'11	'11	1,347.42	
15	ESN	Nigeria	'09; '10; '11	'09; '10; '11	150.00	
16	ESSA	South Africa	'06 - '10; '11	'06 - '10	285.34	
17	EST	Taiwan	'11	'11	50.00	
18	GfA	Germany	'11	'11	2,746.66	
19	HES	Greece	'10; '11	'10	50.97	
20	HES-J	Japan	'08; '09; '10; '11			
21	HFES	USA	'11	'11	19,018.11	
22	HFESA	Australia	'11	'11	3,779.23	
23	HKES	Hong Kong	'11	'11; '12; '13	152.93	In advance
24	IEHF	Great Britain	'11	'11	2,248.30	
25	InES	Iran	'10; '11			
26	IREA	Russia	'10; '11	'10; '11	101.94	
27	IrES	Ireland	'11	'11	96.07	
28	ISE	India	'11	'11	50.00	
29	IsES	Israel	'10; '11	'10; '11; '12	150.00	In advance
...						

Table 5 (continued). Dues payments during 2011 by federated and affiliated societies

Federated and affiliated societies		Dues owed	Dues paid	Amount (in USD)	Comments	
...		...				
30	JES	Japan	'11	'11	5,649.59	
31	LES	Latvia	'11	'11, '12, '13	133.00	In advance
32	MES	Hungary	'08; '11	'08; '11	97.00	
33	NES	Nordic	'11	'11	648.00	
34	NVVE	Netherlands	'08; '11	'08	2,085.84	
35	NZES	New Zealand	'10; '11	'10; '11	275.60	
36	OAE	Austria	'07; '08; '10; '11			
37	PEI	Indonesia	'11			
38	PES	Poland	'10; '11	'10; '11	100.00	
39	PhES	Philippines	'11	'11	50.97	
40	SCE	Colombia	'10; '11			
41	SELF	France	'11			
42	SEMAC	Mexico	'11			
43	SIE	Italy	'11	'11	805.01	
44	SOCHERGO	Chile	'11			
45	SSE	Switzerland	'08; '11	'11	479.24	
46	STE	Tunisia	'10; '11			
47	TES	Turkey	'08; '10; '11	'08; '10	86.77	
48		Thailand	'10; '11			

Table 6. Contributions of sustaining members in 2009 – 2011

	2011	2010	2009
Diamond Members			
Elsevier	-	-	10,000
Platinum Members			
Elsevier	5,000	5,000	
Gold Members			
Ctr for Ind & Mgt Eng Res Resources	-	-	979
Korean Occ Safety and Health Agency (KOSHA)	1,000	1,000	1,000
3M	-	2,000***	
Knowles Group	975	975	975
Gulf Petro	-	-	1,000
Individual Sustaining Members			
Martin Hellander	200	200	(200*)
Kazutaka Kogi	200	400**	
Jennifer A. Guthierrez	200	200	200
Andrew S. Imada	200	200	
Total	7,775	9,975	14,154

*prepaid by royalty contribution to IEA in 2000; **paid for 2010 and 2009; ***paid for 2010 and 2011

3.2 Comparisons with allocated budget

As shown in Table 7, the sum of revenues exceeds the allocated budget in 2011.

Table 7. Revenues vs. Allocated Budget 2011

Revenue category	Revenues (A)	Budget (B)	Difference (A-B)
Membership Dues			
- Federated and affiliated societies	47,292	35,000	12,291
- Sustaining members	7,775	10,000	(2,225)
Capitation Fees	2,277	4,000	(1,723)
Interest and exchange value	(2,277)	5,000	(7,277)
Contributions to IDC Funds	1,300	1,000	300
Liberty Mutual Fund	-	-	0
Misc	141	-	141
<i>Seed Funds Receivables</i>	<i>23,500</i>	<i>20,000</i>	<i>3500</i>
Total	80,008	75,000	5,008

4. Expenditures

Table 8 presents a summary of IEA expenditures during 2011 and Table 9 the expenditures “adjusted”.

Table 8. Expenditures in 2011 compared to previous years

Year	2011	2010	2009
EXPENDITURES:			
Officers and Administration			
- Office-related expenses	6,942	9,601	3,334
- Officers - Travel	-	-	9,061
- Meeting Costs	1,987	15,021	3,525
Standing Committees			
- Science, Technology, Practice	3,745	2,023	4,819
- Prof. Standards and Education	4,170	4,820	4,338
- IDC	9,825	19,076	10,171
- Development and Promotion	8,969	531	14,683
- Awards		2,520	6,553
Liberty Mutual Medal/Prize Promotion	3,000	0	22,699
Fees and Bank Charges	733	767	1,172
Seed Money	11,476	12,024	-
Total	50,847	66,384	80,355

Table 9. “Adjusted” expenditures in 2011 compared to previous years

Year	2011	2010	2009
EXPENDITURES (Table 8)	50,847	66,384	80,355
EXPENDITURES “adjusted”:			
Liberty Mutual Medal/Prize Promotion			
- \$12,000 of the amount in 2009 have to be assigned to the year 2008.			(12,000)
- \$1,500 of the amount in 2011 are costs for Award Committee Services in 2010	(1,500)	1,500	
Total	49,347	67,884	68,355

4.1 Comments on expenditures

Comparisons with the previous year (2010) – As shown in Table 8, expenditures for 2011 totaled \$50,847. This is similar to 2010 – with adjustments of the IEA support for the coffee project in Nicaragua in 2010 (\$15,000) and 2011 (\$3,000).

The main expenditures are based on the following positions:

- Office-related expenses of \$6,942 which include IEA Tax (\$3,724), Tax Consultant and Lawyer (1,573), IEA Website domain fee (\$1,261) and Business Cards (\$384)
- Support of the project "Future of Ergonomics" (\$7,159)
- The expenses for International Development (IDC) include IEA support for the second stage of the coffee project in Nicaragua (\$3,000) and travel support (\$6,825).

4.2 Comparisons with Allocated Budget

As shown in Table 10, the sum of expenditures was carried out within the allocated budget in 2011. The financial support for the winner of the Liberty Mutual Award 2011 will be transferred in 2012 – that is the reason for the higher budget in 2011 in this category. Meeting costs have been reduced in 2011.

Table 10. Expenditures vs. Allocated Budget 2011

Expenditure Category	Expenditures (A)	Budget (B)	Difference (B-A)
Officers and Administration			
- Office-related expenses	6,942	10,000	3,058
- Officers - Travel	-	-	0
- Meeting Costs	1,987	12,000	10,013
Standing Committees	26,709	40,000	13,291
Liberty Mutual Medal/ Prize Promotion	3,000	15,000	12,000
Bank Fees and Charges	733	750	17
Seed Funds	11,476	7,976	(3,500)
Total	50,847	85,726	34,879

5. Operating surplus

Table 11 shows the operating surplus of the years 2011, 2010 and 2009, in Table 12 “adjusted” revenues and expenditures are considered.

Table 11. Operating surplus 2011 (compared to previous years)

Year	2011	2010	2009
Revenues	56,508	115,020	100,836
Expenditures	50,847	66,383	80,355
Operating surplus	5,661	48,637	20,481

Table 12. Operating surplus 2011 by considering “adjusted” revenues and expenditures (compared to previous years)

Year	2011	2010	2009
“Adjusted” revenues	71,508	88,407	112,449
“Adjusted” expenditures	49,347	66,383	68,355
Operating surplus	22,161	22,024	44,094

6. Additional comments regarding dues and costs

6.1 *Federated and affiliated society dues*

The current method of collecting dues from federated and affiliated societies is as follows:

Dues for each member are based on 3% of the total income derived from membership fees during the preceding year. If the sum is less than 50 USD, a minimum fee of 50 USD will be charged.

The Treasurer has the duty of invoicing the member societies, receiving their subscription dues, sending a final reminder letter if subscription dues have remained unpaid for one year, and reporting this fact to the Council if payment is still not received with the expectation of automatic termination of membership.

In 2011 we made the payment process much more comfortable and timesaving. There is a web based worksheet available to generate some basic information about each federated society and some details on which the calculation of the individual dues is based on. After confirmation a detailed invoice is generated automatically and sent to the person in charge.

Moreover, with "PayPal" we offer a new possibility for the payment of membership dues. PayPal allows to pay the dues with an individual PayPal account or by credit card. This process makes the collection of dues easy and secure. Caused by additional, percentaged costs we are only collecting dues up to 400 USD with the new payment process. Members whose dues are exceeding 400 USD should continue to use the existing way by transferring the money to the IEA Active Cash Account or pay by check.

Independent from the payment process every society should use the web based worksheet to give the necessary information!

6.2 *Costs of Standing Committees and office*

The Officers and Standing Committee Chairs have been concerned with the need to keep expenditures under control and as low as possible within the context of carrying out the work of IEA. There is a reasonable budget to support the SG in his daily work. One area to restrain expenditures is travel, particularly for Officer and Executive Committee meetings. The officers and members of the Executive Committee have attempted to have EC meetings related to major ergonomics conferences and/or special workshops, which some of the EC members have committed to attend. Individual EC members and all officers have sought other sources for travel support. Instead of face-to-face meetings they have a skype conference nearly every month.