The Treasurer’s Report

The Treasurer’s report to the General Meeting last September in Amsterdam explained how staff reductions during 1990, and the transfer of more of the activities to the Budapest Secretariat from Geneva starting this month, would result in estimated surpluses of 20 kSFR in 1990 and 60 kSFR in 1991. The measures that achieved the substantial improvements over forecasts presented at the Council meeting last Spring in Uppsala showing deficits of 34 and 100 kSFR in 1990 and 1991 respectively are short-term: the Secretariats cannot continue current activities at 1990 staff levels, and Gero Thomas cannot be expected to remain in Budapest for more than two years. Both points have been emphasized by the President in a letter that was sent to IOM’s last month.

The 1991 Budget

Council accepted the deficit of 34 kSFR for 1990 but required a balanced budget for 1991 with essentially no change to the recently expanded Europhysics News. Given these boundary conditions, it has been the responsibility of a Task Force appointed at the Uppsala Council meeting and reporting to the Executive Committee to come up with concrete proposals for readdressing the Society’s short-term finances. The Task Force comprising the Treasurer, Ph. Choquard, the Executive Secretary and W.J. Merz analyzed the situation and made the necessary recommendations. One of the results is the budget statement for 1991, detailed in the Table, which was sent with the letter to IOM’s.

Some remarks are in order. When compared with the original budget for 1990 that was accepted by Council one notes some encouraging features:

- IOM membership fees in convertible currencies have increased by 12% (from 481 to 541 kSFR) owing to a healthy increase in the number of individual members and to a new fee scale for the large British and German societies which takes effect this year;
- Associate Member fees (175 kSFR) are stable even in these difficult times; 
- subscriptions and advertising income for Europhysics News have increased by 30.6% (from 72 to 94 kSFR).

On the expenditure side:

- the transfer of more of the Society’s administration to Budapest will yield a very substantial reduction in salaries, including social charges (from 390 to 285 kSFR);
- the move to Budapest will only increase operating expenses by a few percent (from 145 to 148 kSFR) and corresponds to the organizational arrangements agreed to by the Executive Committee, in consultation with the staff and the Task Force, which were summarized in last month’s Europhysics News;
- increases in the numbers of pages and subscribers means that the printing and distribution costs of Europhysics News will increase significantly (from 103 kSFR to 159 kSFR);
- an increase in travel costs to allow G. Thomas, the Executive Secretary, to return home regularly and for other staff transfers between the two Secretariats.

Overall, the 1991 budget satisfies the need for balanced finances with a substantial reduction in the accumulated deficit from 173 kSFR at the end of 1889 to about 100 kSFR by the end of 1991 (the deficit has been covered by surpluses involving the activities of the Divisions and has not required bank borrowings). It implies, however, a heavy personal cost to G. Thomas which must not continue so it is necessary to look beyond next year.

Long-Term Situation

Historically, the Society’s finances have stayed chronically in the red with only a few years showing surpluses. The last especially difficult period occurred around 1983, when the idea of shifting activities to Budapest was first suggested. It was not carried through in full owing to the prevailing political situation. In the background there has always been the problem of non-convertible income — mostly comprising some or all of the membership fees from east European countries. If it had been possible to convert these funds at the prevailing exchange rates the Society would in fact now be showing a surplus of 100 kSFR. These monies have of course been used wherever possible to finance activities, but on balance the Society would have preferred to convert them. Broadly speaking one can say that the current deficit notwithstanding, EPS activities have accurately matched the Society’s resources, an important consideration if members expect services in exchange for payment.

The deficit is nonetheless very real and the Treasurer is also aware that the long-term financial situation must be stabilised so that Gero Thomas can return as soon as possible. An inventory of potential sources of income and cost savings has been made and the findings are:

The Table — EPS income and expenditure (in SFR) budgeted for 1990 (as accepted by Council in March 1990) and for 1991 (as accepted by the Executive Committee in December 1990).

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<thead>
<tr>
<th>Item</th>
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<td>821,620</td>
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**Europhysics Letters**

**Europhysics Conference Abstracts**

**EPS Poster**

**Production Europhys. Conf. Abs.**

**Meetings, travel**

**EPS Poster**

**Production Europhys. Conf. Abs.**

**Meetings, Associate Members**

**Total Expenditure**

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Scenarios

All in all, an additional 70kSF of income above the current level seems achievable. But is it enough? Unfortunately not. One problem is inflation that appears to be peaking at 6.5% in Switzerland where most of the Society's expenses are incurred. G. Thomas has made a detailed analysis of various scenarios for the evolution of the Society's finances. It shows that in order for him to stay just two years in Budapest (until the beginning of 1993), and assuming an inflation rate of 5%, then the deficit will only be reduced to zero if income is in­creased by about 150kSF from today's amount. So this is clearly the long-term requirement: we have to raise an additional 80kSF, above the 70kSF that can be ex­pected, to ensure that Gero Thomas returns to Geneva and we have no deficit in 1993 and beyond.

Sources of this additional income are lim­ited. One is clearly us Members as it is essen­tially we who must meet the Socie­ty's responsibilities. The Treasurer aims to submit two proposals to Council in March and Members had until 6 January to com­ment. The first calls for an increase in the unit fee from 12 to 13.5 SF on 1 January, 1992 corresponding to an annual increase of just under 4.5% since the last revision that came into effect in 1989. If agreed it would raise income by 60kSF, thus meet­ing 75% of the requirement. The second is the indexation of the unit fee to the Swiss rate of inflation: its implementation would raise about 15kSF in 1993.

The overall result of the two proposals still leaves us a little short of the target of the equivalent in 1981 of 80kSF in new income. Considerable progress in tackling the problem has been achieved and a concerted effort is underway to further expand fund raising initiatives involving donations and the Associates. The President is also studying the problem of non-convertible currency with a view to making some concrete proposals. IOM's, the Divisions and the national societies are moving toward the printer and increased advertising income should net 25 kSF each year;

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