



General Assembly 2015 document / Assemblée Générale 2015

Item 13

Topic: **Treasurer's report 2011-2015 / Rapport du Trésorier** □ 2011-201

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When I was nominated for the Secretary-General and Treasurer position, I had probably much less time for preparation than any of my predecessors. To make the transition process smoother it was suggested that my predecessor David Fairbairn would act as Treasurer in the remaining part of the year 2011. This decision allowed both of us enough time to prepare for the hand over process. On 21 December 2011, we visited together the ICA bank in the Netherlands, and managed the official hand over process.

I acknowledge from the outset of this report that my predecessor maintained the ICA accounts and the relationship with the ICA bank in an exemplary fashion: this conclusion was also shared by the Honorary Auditors. One of the roles of an outgoing Treasurer is to propose, from a position of full knowledge, a provisional budget for his successor; this budget was not simply provisional: the General Assembly should have approved it. So I got a budget for this term without having the opportunity to influence it. However, I would not even had enough knowledge to do that. I can report that the provisional budget has served me quite well during the 2011-2015 period, but there were differences between the planned and the realized budget. The main reason of this difference is not the non-perfect prediction of the budget, but rather the change of circumstances.

Since the 15th General Assembly in 2011, the financial situation of the ICA has been reported at meetings of the Executive Committee and to a professional auditing company. I presented to the Executive Committee at each meeting the status of incomes and expenditures comparing the ICA Budget for the 2011-2015 term. When the expenditure of an item reached the budgeted level (although the overall budget was positive), I asked the Executive Committee's approval. On the November 2014 meeting, the Executive Committee endorsed the expenditures and approved the overspending concerning the office and travel costs (see detailed information later).

The elected auditors got all financial documents digitally at the end of the financial period (2 July 2015), but they had the right to checking all financial document any time. In addition, annually a form for tax declaration has been provided to the Swedish Tax Authority (with the assistance of Bengt Rystedt, former ICA President), in the form of an annual balance of assets, revenue and expenditure.

The following documents were maintained throughout the reporting period:

- Balance sheets indicating the current state of the four bank accounts which the ICA manages (EUR, USD, EUR Savings, a newly created EUR sub-account for handling occasional

commission requests concerning their events), along with the cash-in-hand account (EUR and USD), official bank statements and details of credit card transactions;

- Tables of subscription and membership status for all members of ICA, both national and affiliate;
- An annual form for tax declaration which is provided to the Swedish Tax Authority: ICA is registered as an idealistic society in Sweden and no tax is paid on its transactions.
- Other financial background documents on changing rates, travel cost reimbursements, bank costs and occasional statistics (for example on bank cheques) for internal use.

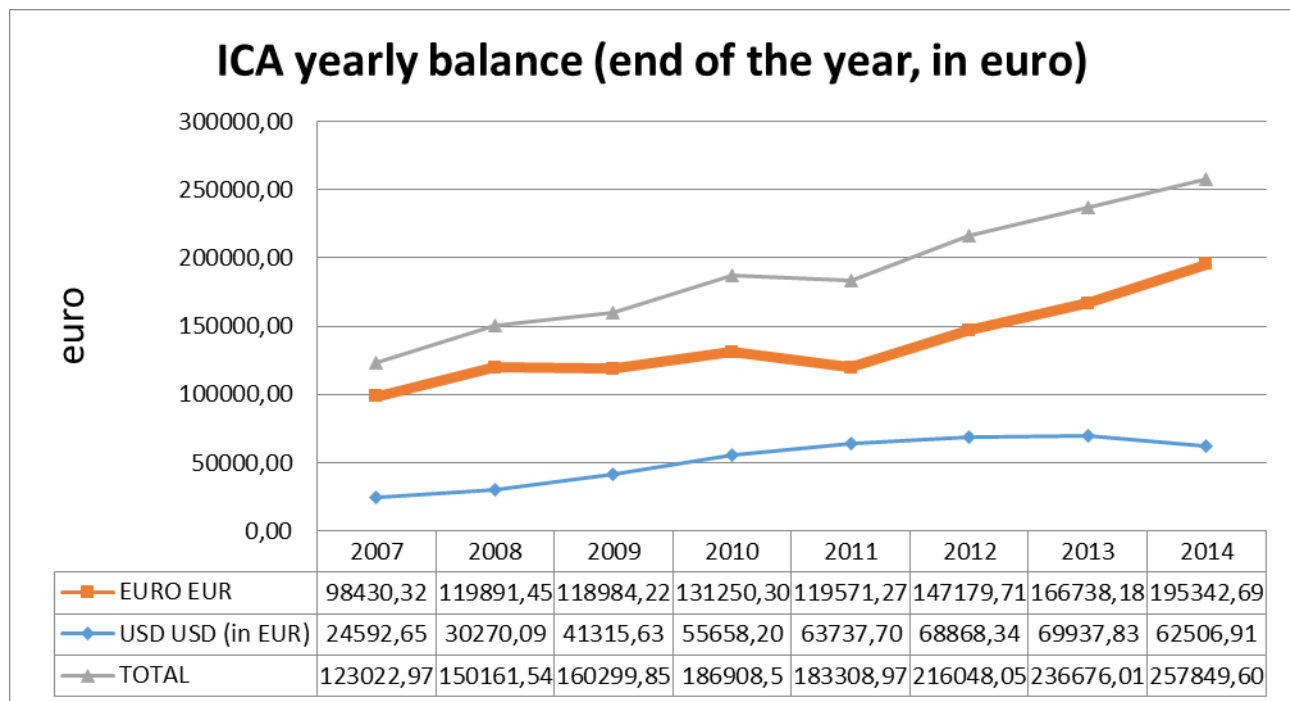
After the election in Paris in 2011, we decided to maintain the ICA bank account with the ABN AMRO Bank branch in Zeist, Netherlands, where it had been maintained since 1999 by my predecessors (at the end of 2011 all business accounts of the ABN AMRO bank was moved to a central branch in Schiphol). This arrangement has proved workable, as Internet banking facilities have been easy to undertake, but in the beginning of my Treasurer period the ICA credit card was only infrequently used (except in internet transactions) in order to allow me enough time to become experienced with the bank issues.

ICA maintains a current account in Euros, and a current account in US dollars. Members can elect to pay their subscriptions in either currency, although the accounts will show that the majority elects to remit in Euros, as the preferred currency. Charges for the Euro current account are levied under headings including postage, quarterly dues and card fees, but no interest has been earned on this account since the end of 2008, when interest rates fell to zero. However, ICA does manage a Euro savings account which does earn interest and in which the majority of funds are invested. An arrangement has been set up so that end-of-month balances in the current Euro account above 10,000 Euros are automatically transferred to the savings account to earn interest, but during my period (in 2013) the bank changed the policy of the automatic internal transfer (disabled it). So I had to manage these occasional internal transfers manually. The US dollar current account similarly does not earn interest, but the balance in this account has been rising regularly. It was recommended by my predecessor that a significant proportion of the balance in the US dollar current account be transferred to the Euro savings account at a time in the near future when the exchange rate is optimal. Finally I have not done that (we discussed this issue in the Executive Committee), but I made some outstanding payments from the USD account (where transaction costs are fixed), mostly because the next two ICCs (2015, 2017) will be organized in countries where the use of USD is probably cheaper for the ICA than the use of EUR.

It should be noted that the interest rate of the EUR saving account is continuously decreasing, but this is a financial fact that we cannot influence. Thanks to the relatively large amount on the account, we were able to realize the income which was planned. Bank charges are also levied on a regular basis for the ICA credit card, but it is felt that the existence of this facility is more economical and useful than currency transactions (the travel tickets for officers' travel can be easily bought by credit card and they do not have to pay it themselves and wait for the reimbursement).

The President and the Secretary-General and Treasurer setup a "four-eye policy" in all ICA issues (including the financial issues). All expenditures were checked and approved by both of us in advance (in case of request on higher expenses for commission workshops we also asked the Executive Committee's approval), so we have never faced unexpected expenditures. We finally agreed on having only one ICA credit card (based on the experience of the previous period where

both the President and the Secretary-General and Treasurer had an ICA credit card, but the President had very infrequently used that), which was used by the Secretary-General and Treasurer.



The financial term of the previous period ended on 30 April 2011 (but originally 30 June 2011 was planned). Luckily, thanks to the good working cooperation with the accounting company, we were able to close this term at the end of June 2015 (practically on 2 July taking into consideration the dates of the bi-weekly bank statements), so the budget report includes altogether 50 months (from 1 June 2011 to 2 July 2015). The accounting company was able to complete the draft of their full term report on 2 Aug 2015. The honorary auditors got all financial documents in digital form soon after the end of the financial term (15 July 2015), and the draft of the full term report has also been submitted to the elected auditors. The professional accounting company explored inconsistency in the accounting method:

Please be informed that although the ICA would have been supposed to use the cash method of accounting (which means that transactions are accounted for as incurred both for the income and expenditure), I have found accrued expenses in the previous accounts that covered the period 2007 - 2011. That means that on the expenditure side certain transactions that were financially settled after 30 April 2011 but were considered to relate to the reported period 2007 - 2011 were accrued and reported as such in the financial statements. The same was not carried out on the income side, whereas income was recognized as and when received by the ICA.

The consequence of the above is that I had to release these accruals, which resulted in the decrease of related expenditure category totals for years 2011 and 2012. Practically a portion of the expenditures financially settled in 2011 and 2012 was already reported as expenditure in the 2007 - 2011 accounts (by using the accrual method of accounting). The total effect is 19,899 EUR.

For the present and attached accounts I have not made any accruals because my professional opinion is that this would be inappropriate for ICA.

In the accounting policies of ICA there is currently no statement above the policy applied for expenditures. On the income side the cash method is clearly indicated.

I would suggest that the accounting policies are amended with the inclusion of the following statement: "The financial statements are prepared under the historical cost convention using the cash method of accounting." This would then apply to both income and expenditure.

A last consideration that derives from the above is that the currently attached version of the accounts is inconsistent:

- Income is reported based on the cash method of accounting for both the actual and the previous period.*
- Expenditure for the actual period is reported based on the cash method, but for the comparative previous period was reported based on the accrual method.*

This inconsistency could be resolved by restating the comparative period numbers as if the cash method was applied to expenditures too. If this was done, the expenditures of the 2007 - 2011 period would decrease by the accrued amount of 19,899 EUR, hence the surplus (i.e. the difference between total income and total expenditure) would increase by the same amount. On the other side the total expenditure and surplus for the 2011 - 2015 period would decrease with the same amount.

Details of the budget 2011-2015

<i>All values in euros</i>		2011	2012	2013	2014	2015	2011-2015 total	%
INCOME	budget							
national members fees	120 000	9 834,88	33608,25	37700,34	34972,71	32114,13	148230,31	123,53%
affiliate members fees	50 000	2 204,88	13603,48	22070,32	15897,74	10488,7	64265,12	128,53%
sales of publications	8 000	39,71	12636,35	3637,87	3136,08	9367,05	28817,06	360,21%
interests on investments	8 000	0	2280,74	2396,85	2110,22	1558,71	8346,52	104,33%
TOTAL	186 000	12079,47	62128,82	65805,38	56116,75	53528,59	249659,01	134,23%
EXPENDITURES	budget							
offices and travel	80 000	15713,95	22067,6	24352,04	16838,14	21200,08	100171,81	125,21%
commissions & w.groups	55 000	1289,49	7490,91	9027,92	6537,09	4503,25	28848,66	52,45%
publications	20 000	22,63	2655,41	2343,93	3059,79	2489,44	10571,20	52,86%
Solidarity Fund	30 000	0	0	4206,16	3622,67	0	7828,83	26,10%
miscellaneous	5 000	0	300	719,43	0,00	0,00	1019,43	20,39%
TOTAL	190 000	17026,07	32513,92	40649,48	30057,69	28192,77	148439,93	78,13%

Income (actual to 2 July 2015: € 249,659.01; budgeted: € 186,000)

- **Membership fees:** the figure indicated in the account at the end of this report - € 249,659.01 – does not include a number of national and affiliate members who have not yet paid their 2015 subscription. I was successful in collecting some considerable arrears in this period; probably this is the main reason why both on national and affiliate members subscriptions the final number is exceeded the 120% of the planned budget.

Several nations have **not paid** any subscriptions in 2011-2015, and the cancelation of membership of these 7 national members is proposed (Peru is a special issue, where the national member organization officially declared that due to financial difficulties they want to cancel their membership). This equates to approximately € 8,000 Euros in lost revenue, but this is really theoretical, because we had no contact with these "sleeping" countries for a very long time. There are two additional affiliate members which are not operating any longer (checked and approved by our relevant national member) and we had no contact with them in this period.

In 2011, the General Assembly voted on withdrawing the voting right of 12 countries. Eight of them are proposed to cancel their membership. The Executive Committee suggests withdrawing the voting right for 4 additional countries and reinstate the voting right of 3 countries. One of the countries partly paid its arrears, so we do not suggest withdrawing their membership, but we do not suggest reinstating their voting right.

There is one negative tendency I have to mention. We got membership application mostly for affiliate membership, which were not sustainable. After the Executive Committee provisionally approved the membership application, the new member has not paid the subscription and has not answered to any message. As these members did not fulfil the criteria of a member, we will not submit their application for final approval to the General Assembly.

So most of our national members can be considered as 'in good standing' and we are grateful to those countries which have paid on a regular basis. We continue to receive subscriptions from our generous affiliate members also, and these funds support the work of the ICA.

- **Publications revenue:** Income from royalties has benefited from a few recent publications, which attract a good rate of revenue. The difference between the budgeted value and the reality (3.6 times higher income) was the result of the new contact with Springer, which guarantees a flat sum after each published Springer book: also the royalty of on-line sales of papers was increased. The outstanding years were 2012, when Elsevier occasionally transferred unexpectedly high royalty to the ICA, and 2015, when we first got financial contribution from Taylor and Francis to publish our journal (but most of this income will be expended soon in the next term). Currently, this is the less predictable item of the income section.
- **Interest:** the large amount of money in the savings account has resulted in interest revenue being maintained. Interest rates are on a downward trajectory, so we will have definitely less income on interest in the future.

Expenditures (as of 2 July 2015: € 148,439.93; budgeted: € 190,000)

- **Costs** for the three main office holders were not kept below budget, despite their ability to call on funds other than ICA. Despite this fact, I am grateful to the President and Past-President for their modest claims on the ICA budget (we did not even spend for the Past-President as he was able to cover his costs for participating in JBGIS meetings from other sources); they have never travelled on business class flights, at least not on ICA's cost. The ICA President's and the Secretary-General and Treasurer's travels were also sometimes covered by their home institutes or project grants.

The main reason of the higher expenditures on this item are the following:

- We tried to increase our outreach activities and the President complied these invitations even in more remote countries to increase the visibility of the ICA and attract potential new members.
- We have increased our activities in large international scientific bodies (especially ICSU, where our membership status was increased to a union level, which also means higher membership fee), but we financially supported some other joint activities (JBGIS, FOSS4G).
- The website maintenance cannot be managed on a voluntary basis any longer.

- The International Map Year project was not originally planned in the proposed budget in 2011.
- The bank costs are continuously increasing.
- I have not got any financial support from the Hungarian national member and my university, so all mailing, phoning, printing and similar office costs should be paid by the ICA.

Other travel and meeting costs covered the main Executive Committee meetings, including the annual honoraria paid to vice-presidents, but also some other meetings (several face-to-face meetings between the President and the Secretary-General and Treasurer, but thanks to the geographical vicinity of Budapest and Vienna, the cost of a one-day visit was not more than 35 EUR on average).

Office costs include accounting costs, translation fees, expenses related to the ICA bank, postage and printing costs, website fees (both IT background and content management), and the costs of assisting with the ICA conferences.

- **Commissions and Working Groups:** Of the budgeted €55,000 only a little bit more than one half was actually used (but most of the pre-ICC 2015 workshop costs were paid and will be paid after 2 July 2015). The ICA Executive Committee decided not to allocate certain budget to each commission, but all commissions can apply for support for their projects. This was also communicated with the commission chairs in e-mail and at the joint Executive Committee+commission chairs meeting in November 2011. The more successful the projects and events are, the more support the commissions can get. The financial support of each commission was available in a summary table of the internal section of the ICA website, which was accessible for the commission chairs. I also have to mention that the main reason of discontinuing 4 ICA commissions out of the 28 is that they did not have activities, so they did not even ask for financial support.

Insufficient claims were made on the Treasurer to use these funds fully, and Commission and Working Group chairs should be continually encouraged to make use of the budgeted amount available to them. Our policy during the period 2011-2015 has been to be as flexible as possible, within the ICA guidelines, in meeting the costs incurred by Commissions. In the past, Commission budgets were solely used for costs of publication and hiring meeting rooms. During 2011-2015, we were able to support other activities, including website development, catering at Commission and Working Group meetings, a very limited contribution to travel for the Commission or Working Group chair, and liaison with related organisations. The decisions on these requests were made by the Treasurers (four-eye policy), but in case of requesting higher amount of financial support we asked the opinion and vote of the whole Executive Committee. If I remember well, we refused only two requests: we have not supported an outreach activity because the topic was much closer to the domain of our sister societies; and we approved a smaller amount of financial support for a commission workshop.

- **Publications expenditure:** ICA has an excellent arrangement for production of *ICA News*, which makes use of lower costs of printing and posting in Hong Kong. This item also

includes the desktop publishing costs of our newsletter and from 2015 this will also include the honoraria of the International Journal of Cartography editor(s). This item is also visible on the Income section.

- **Solidarity fund:** The maintenance of the Travel Award (which was re-structured to ICA Research Scholarship after ICC 2013 based on the President's suggestion, which was approved by the Executive Committee). This scheme is a vital part of ICA activity. Four awards were made for Dresden 2013, and 5 have been made for Rio de Janeiro 2015. The expenditures of ICC 2015 Research Scholarship is not listed in this report, because the financial contributions will be paid only in Rio de Janeiro. As the 2007-2011 EC recommended that the Solidarity Fund also be used to support workshops in the Third World, the recent EC accepted this recommendation and supported such activities in various parts of the world (like in Rwanda, Uganda, Tonga, Caribbean).
- The item **Miscellaneous** is mainly constituted to a very few unclassifiable expenditures (which is really difficult to predict in advance).

Checking the summary table and the above mentioned detailed, it is clear that the ICA is in a healthy financial position. However, this position is not only because Commissions and Working Groups, the main working parts of the ICA, are not claiming their full budgeted amounts from ICA funds, but mostly because our members paid their subscriptions and supported financially our activities. As the amount claimed is often directly proportional to the work done by the group, it will be a priority of the EC 2015-2019 to ensure that the amount being spent by Commissions and Working Groups is increased. In addition, it should be noted that ICA's tax-free status is dependent on following the rules of the Swedish Tax Authorities. In the last two years we had to fight for keeping this position, but thanks to Bengt Rystedt, our former President we saved our tax-free status.

The ICA Executive Committee discussed the financial status of the organization at every meeting. We discussed the membership fee, but finally we have not suggested an increase for the next period (except slight adjustment of the subscription of a few countries). We suggest the new EC creating an ad-hoc Working Group on revising the membership fee table and making a suggestion for the next General Assembly.

Our organisation should not be regularly accumulating surpluses, and it is expected that we spend the majority of our revenue on our developmental activities. It is important that we continue to support our Commissions and Working Groups, increase the profile of our Solidarity Fund (including Outreach Activities), and engage in more collaborative activity (especially in ICSU, JBGIS and UNGGIM) in the international scientific community to ensure that we meet such targets.

In the next term we can afford to our special project, the International Map Year and we have enough reserve to support our new journal if it becomes necessary.

Budapest, 13 August 2015