

Report of the Treasurer for the Financial Year 2009

EEA Meeting Glasgow, August 2010

Executive summary:

Preliminary remark: This executive summary lists the two main financial summary indicators (reserves) and Cash flow (revenues and expenditures), as well as some key figures of the JEEA. More detailed comments follow below. Table 1 (on page 5) reports the detailed expenditures and revenues in 2009 and Table 2 (page 6) documents the detailed assets and liabilities, according to the official balance sheets.

Main financial indicators as of 31 December 2009 (all in €):

1. **Reserves:** 611,874 (+ 126,380 compared to 2008)

2. **Revenues and expenditures:**

	2008	2009
A. Revenues (Credit)	295,749	395,805
B. Expenditures (Debit)	286,711	256,605
Surplus (A - B)	9,038	139,200

⇒ The **surplus** (according to official “profit and loss account” for 2009 reported in Table 1) is -8,407, but arguably is **+139,200**. This is explained below.

- **Membership fees:**

Memberships	2008	2009
Institutional members	103,666	131,591
Individual members	130,254	170,378
Total	233,920	301,969

- **Membership revenues** in 2009 have increased by **+68,050**.

- **Journals Revenue and Expenditure (JEEA & Economic Policy)**

	2008	2009
A. Revenues	60,107	44,137
B. Expenditures	169,274	167,403
Surplus (A - B)	- 109,167	-123,266

⇒ The **journal deficit** has increased by **€14,099** (explained below).

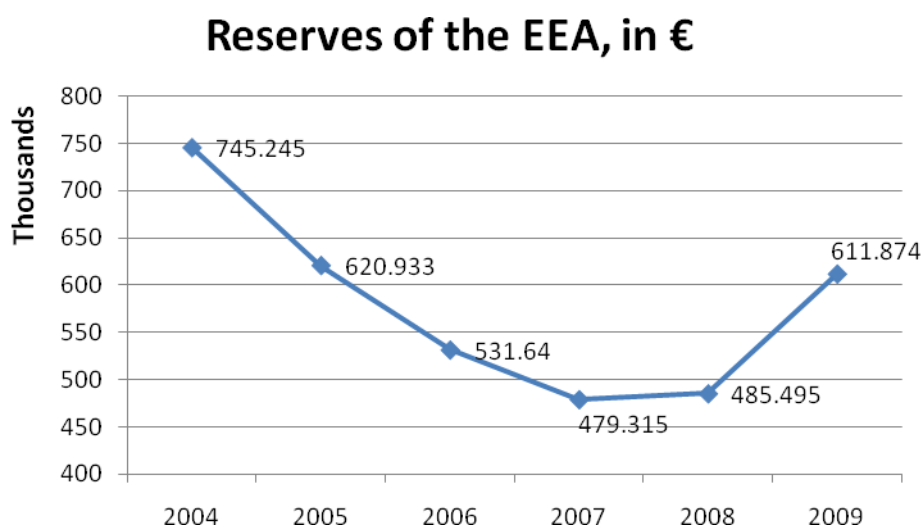
3. Some key JEEA figures (in €)

	2008	2009	2010
# Institutional subscriptions	364	364	375
Gross subscription receipts	115.461	132.323	143.671
EEA Member Payments	41.762	39.963	44.867

Detailed comments:

1. Overall financial situation

1. **Development of assets.** There is a positive development in that in 2009 reserves have increased again, by **€126,380**. The main reason for this positive development is the increase in membership revenues, both by institutional and individual members. In terms of the temporal development of revenues we have the following picture:



→ Reserves are back to almost 2005 levels.

2. **Revenues and expenditures.** Here we observe a favourable development. In 2009 the EEA had a **surplus of €139,200**. The main reason is that membership incomes (both institutional and individual) have increased substantially. However, there is an important caveat. In the official “profit and loss account” (Table 1 in the Appendix) appears a **loss of €8,407**. The reason is that JEEA editor payments, MIT payments, and Economic Policy payments that should have belonged to 2008 had to be imputed in the 2009 balance sheet (due to past mistakes being corrected on the financial statements).

2. Memberships

1. **Individual memberships:** by 31/12/2009 the EEA had around 2500 members. Currently, the EEA has 2840 individual members. (+ approx. 340 compared to August 2009). However, about 900 of them are students who only pay €15. There are currently 561 members who have paid for three year membership; and 1501 one year members (of which 1206 are online members only).

2. **Institutional memberships:** In 2009, the EEA had **seventeen** institutional members (up by four members compared to 2008). In 2009 the institutional members paid €131,591 membership fees, as compared to €103,666 in 2008. In addition, FBBVA continues to sponsor the **FBBVA lecture** by €30,000 annually.

3. JEEA

From the point of view of EEA the basic structure of expenditures and revenues has not changed. The current revenues are those earned by MIT Press (70 % of (sales revenues – manufacturing costs and operating expenses)). The current JEEA expenditures that accrue to the EEA consist of editor payments (€98k) and associated secretariat (€10k); costs for copy editing (done by Tim van Zandt; €15k); production and mailing costs of JEEA to individual members (€36k) plus software and some other costs (€7k). The journal deficit has gone up because of an imputed payment of editorial funds that should have belonged to earlier years.

4. Some key figures for JEEA for 2008, 2009, and 2010, as reported by MIT Press

This table summarises some key figures reported to the EEA by MIT Press. Amounts are in US Dollars (\$1 = €0.78) and the financial years reported in the column headers refer to six issues from September to June of the respective year.

	2008	2009	2010
# Subscriptions	364	364	375
Gross subscription receipts	148.028	169.645	184.194
EEA Member Payments	53.541	51.235	57.522
Total JEEA income and expenses as reported by MIT Press:			
Net Sales (subscriptions, members, etc) ^{1, 2}		214.645	238.899
Other Income (permissions etc)		15.168	24.154
A. Total Income	212.266	229.813	263.053
Manufacturing cost (printing etc)	102.394	95.397	87.323
Operating expenses (Journals department, etc)	72.525	67.562	63.523
B. Total expenses	174.919	162.959	150.846
Net gain before distribution (A - B)	37.347	66.854	112.207
EEA share @ 70% of (A - B)	26.143	46.798	78.545

Notes:¹ net sales includes the numbers reported in the top part of the table.

² MIT Press have changed the reporting style and therefore the breakdown of total income is not available in comparative form to the 2009 and 2010 data.

- ⇒ The development the EEA share (= Journal revenue for EEA) looks favourable.
However, this revenue is only a gross revenue as it has to cover printing and mailing of individual member copies. For this, MIT Press have billed us \$43.090 (= €33.610). That is, for 2010, the net revenue for EEA is $\$78.545 - \$43.090 = \$35.455 = €35.455$ in 2010.
- ⇒ Given the net revenue for 2010 of the journal deficit is projected to be around €106k (compared to €123k in 2009).

Simon Gächter
25 August 2010

APPENDIX: Tables 1 and 2 document the Profit and Loss Account and the Balance as calculated by the accountant of the EEA, Helsen & Partners BVBA, Brussels. These tables are also deposited at Monitor Belge, as required by Belgian law under which EEA operates.

Table 1. EEA Revenues and Expenditures (Profit and Loss Account), in €

	<u>31/12/2009</u>	<u>31/12/2008</u>
A. Income		
Operating income		
Member fees total	302.819,43	212.137,07
MIT editorial funds	44.148,31	60.106,82
Congress income	15.000,00	
FBBVA sponsoring	30.000,00	30.000,00
Miscellaneous	1.000,00	1.418,72
Financial income		
Bank interests	3.032,41	1.357,14
Surplus value on bonds	487,89	13.987,66
Exchange rate differences		-567,42
Profit for the period		
Profit	8.407,41	422.695,79
TOTAL	404.895,45	741.135,78
B. Charges		
Operating charges		
EEA Secretariat expenses	23.454,32	27.020,84
Executive Committee	4.119,27	7.298,03
Bank charges	543,80	2.244,39
JEEA editor payments	264.794,63	155.231,64
Congress net expenses	30.268,75	15.537,00
Professional charges	3.660,29	5.446,94
Miscellaneous ¹	7.856,72	16.857,44
Economic Policy	26.007,00	19.271,84
MIT adjustment	40.925,25	53.574,32
FBBVA lecture	51,80	10.116,12
EEA Standing Committees	2.000,00	
Financial charges		
Bank costs	1.213,62	
Profit for the period		
Profit to be carried forward		428.537,22
TOTAL	404.895,45	741.135,78

Note

¹ Miscellaneous expenditures in 2008 included website development (job market and EEA website) and storage of documents (€3000). These were one-off expenditures.

Table 2 – Balance: EEA consolidated assets and liabilities (in €)

	31/12/2009	31/12/2008
A. Assets		
Trade debtors		
FBBVA sponsoring		30.000,00
Investments		
Investments Fortis short term Euro		128.731,98
Cash at bank and in hand		
Cash at Barclays Italy	187.688,77	322.047,22
Cash at Fortis		4.170,50
Cash at KBC	383.117,17	
Deferred charges and accrued income		
Costs to be transferred to next year	4.488,13	
Accrued income	36.580,17	545,00
TOTAL ASSETS	611.874,24	485.494,70
B. Liabilities		
Capital and reserves		
Accumulated profits	420.129,81	428.537,22
Creditors		
Amounts payable within one year	130,00	
Accrued charges and deferred incomes ¹	191.614,43	56.957,48
TOTAL LIABILITIES	611.874,24	485.494,70

Note:

¹ The accrued costs in 2009 are so high because they include editor payments that should have been made in 2008.