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USDA Forest Service, *Washington, D.C.*

Vereinigte Aluminium-Werke AG, *Bonn, Federal Republic of Germany*

Villanova University, *Villanova, Pennsylvania*

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Yale University, Computer Center, *New Haven, Connecticut*

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TEX Users Group Treasurer's Report as of 1989 Annual Meeting

David Ness

The financial health of *The TEX Users Group* as of June 30, 1989 is good, but somewhat short of excellent. Financial reports are presented here which describe (1) the *Balance Sheet* of the organization as prepared by Michael D. Aaronson and Associates, C.P.A. as of the close of the calendar years 1987 and 1988; and (2) Revenue and Expense statements covering (a) 1988 actual data; (b) 1989 Budget; (c) actual first half of 1989; (d) projected actual 1989; and (e) 1990 budget (first draft). Perhaps a few comments are in order.

While we hold cash (and equivalents) of about \$250,000 with relatively limited real liabilities, this is a 'cushion' of only 4-5 months of income. We would like to move this up somewhat over the forthcoming year, eventually to a point that is at least 6-8 months worth of revenues.

We project that 1989 Revenues and 1989 Expenses will each be up from their 1988 values by just about 20%. We had a small deficit in 1988 (about \$6,000 or 1.1% of expenses) and project a slightly smaller deficit this year.

Two aspects of this are probably worth commenting on. First, our current projected deficit

results from two discretionary expenditures made by the Executive/Finance Committees. We would have closed the year with a small surplus had we not decided to support the BIBTEX project (at the request of Prof. Knuth) and had we not provided some funds to support TEXhax. Your Executive/Finance Committees felt that these expenditures were very important to the membership, and were willing to incur the small projected deficit that results.

Second, by far the greatest increases on the expense side are a result of the increases in size and frequency in publication of TUGboat. Here we see the 'triple' effect of increased membership and circulation, increased number of issues and pages, and increased costs of printing and mailing.

We prepare, with the aid of our accountant, a number of other financial statements such as *cash flows* and *statement of changes in fund balances*. Members of TUG are welcome to request these from TUG headquarters. Members are also encouraged to forward any questions about financial statements to me *via* TUG headquarters. While I can't guarantee that the response will always be prompt, I can promise that it will be thoughtful and eventually forthcoming.

Respectfully submitted,

David Ness

Treasurer

Philadelphia PA, 6 September 1989

T_EX Users Group

Balance Sheets (unaudited)

December 31, 1987 and 1988

Prepared by Michael D. Aaronson and Associates, C.P.A

A S S E T S

	Dec. 31, 1987	Dec. 31, 1988
Current assets		
Cash	\$ 211,835	\$ 65,307
Certificates of deposit	100,000	207,505
Accounts receivable ¹	16,773	29,194
Inventory ²	15,186	25,002
Prepaid insurance	0	1,729
Total current assets	<u>343,794</u>	<u>328,737</u>
Property and equipment		
Office furniture and equipment	2,460	17,568
Computer software and equipment	0	21,885
	<u>2,460</u>	<u>39,453</u>
Less accumulated depreciation	<u>(1,476)</u>	<u>(5,657)</u>
Net property and equipment	<u>984</u>	<u>33,796</u>
Other assets		
Rent and utility deposits	0	1,880
Total other assets	<u>0</u>	<u>1,880</u>
TOTAL ASSETS	\$ <u>344,778</u>	\$ <u>364,413</u>

LIABILITIES AND FUND BALANCES

Current liabilities		
Accounts payable	\$ 19,846	\$ 5,924
Accrued payroll and payroll taxes payable	1,454	3,697
Accrued vacation payable	5,513	4,896
Accrued pension expense	0	7,071
Other payables ³	7,486	7,486
Deferred income ⁴	56,200	88,267
Total current liabilities	<u>90,499</u>	<u>117,341</u>
Total liabilities	<u>90,499</u>	<u>117,341</u>
Commitments and contingencies ⁵		
Fund balances ⁶		
Property and equipment funds	984	33,796
Unrestricted funds	253,295	213,276
Total fund balances	<u>254,279</u>	<u>247,072</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>344,778</u>	\$ <u>364,413</u>

¹ TUG uses the specific identifying method in identifying potential bad debts. No receivables were considered uncollectible at December 31, 1988.

² Inventory consists of books, past issues of TUGboat, software, and other materials both purchased and created inhouse. Inventory is valued at average cost based on the FIFO method of evaluation.

³ Other payables consists of pre-1988 tax sheltered annuity payroll deductions for a staff member which cannot be deposited with a pension agent until TUG's tax exempt status is determined (see also Note 5 to the financial statements).

⁴ Deferred income consists of cash collected in the current period applicable to membership dues or course registrations for the subsequent year.

⁵ a) Commitments: Operating lease - space rental: TUG rents office space under a three year operating lease which expires in May, 1991. Monthly rent is \$800.

b) Contingencies: IRS exempt status: TUG has an application for tax exempt status under Section 501(C)(3) of the Internal Revenue Code pending before the IRS. In November 1988, the IRS denied TUG's application and TUG has filed an appeal. The ultimate disposition of this matter cannot be determined but TUG's management is confident it will be successful in gaining tax exempt status under either section 501(C)(3) or another section of the Code governing exempt organizations. However, should TUG be judged a taxable organization, income taxes would become due and payable. No provision in these financial statements has been made for this contingent liability.

⁶ Prior to January 1, 1988, TUG kept its books on a cash basis. Fund balances consisted of cash in bank accounts, on hand, and certificates of deposit. An accrual basis balance sheet as of December 31, 1987 consisting of estimated asset and liability accounts was established from an examination of TUG's financial records as of that date for the purposes of facilitating the change in accounting method to the accrual basis as of January 1, 1988.

T_EX Users Group
 1989 Revenue and Expense Statement
 January 1 – June 30 with projections and comparisons

R E V E N U E	Actual 1988	Budget 1989	Actual 1st half 1989	Projected 1989	Budget 1990
Membership Income					
Individual	\$ 81,727	\$ 106,500	\$ 58,748	\$ 113,000	\$ 127,500
Institutional—educational	31,195	38,000	25,165	48,000	54,000
Institutional—noneducational	<u>16,121</u>	<u>22,000</u>	<u>3,437</u>	<u>6,500</u>	<u>7,500</u>
	<u>129,113</u>	<u>166,500</u>	<u>87,350</u>	<u>167,500</u>	<u>189,000</u>
Annual Meeting and Course Income					
Meeting	34,080	40,000	15,116	44,000	42,000
Regional courses	63,577	60,000	61,437	94,000	103,500
In-house courses	<u>65,017</u>	<u>50,000</u>	<u>32,060</u>	<u>37,000</u>	<u>44,500</u>
	<u>162,674</u>	<u>150,000</u>	<u>108,613</u>	<u>175,000</u>	<u>190,000</u>
Sales Income					
Resale of books	116,372	140,000	56,981	126,500	139,000
Resale of software	21,342	30,000	21,430	47,500	52,000
In-house publications and software	36,837	40,000	22,326	49,500	59,500
Video tape rental	1,600	3,000	800	1,500	1,500
Back issues	18,471	20,000	93151	21,000	25,000
Shipping and handling fees	9,616	16,000	4,547	10,000	10,500
T _E X and Metafont drawings	<u>891</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>205,129</u>	<u>250,000</u>	<u>115,415</u>	<u>256,000</u>	<u>287,500</u>
Other Income					
Advertising	21,985	37,000	18,560	37,000	40,500
Mailing lists	1,746	2,000	1,113	2,000	2,000
Contributions	9,233	10,000	3,584	6,500	6,500
Promotional items	1,523	2,000	0	2,000	2,000
Interest	<u>16,162</u>	<u>17,000</u>	<u>6,542</u>	<u>15,500</u>	<u>15,500</u>
	<u>50,649</u>	<u>68,000</u>	<u>6,542</u>	<u>63,000</u>	<u>66,500</u>
TOTAL REVENUE	<u>\$ 547,565</u>	<u>\$ 634,500</u>	<u>\$ 341,197</u>	<u>\$ 661,500</u>	<u>\$ 733,000</u>

T_EX Users Group
1989 Revenue and Expense Statement
January 1 – June 30 with projections and comparisons

EXPENSES

	Actual 1988	Budget 1989	Actual 1st half 1989	Projected 1989	Budget 1990
TUGboat Expenses					
Editorial	\$ 22,977	\$ 16,500	\$ 18,732	\$ 26,500	\$ 24,000
Computing	4,321	5,000	7,788	12,000	13,500
Printing	28,177	37,000	31,316	55,000	51,000
Mailing	<u>13,325</u>	<u>10,000</u>	<u>10,437</u>	<u>21,000</u>	<u>24,000</u>
	<u>68.800</u>	<u>68,500</u>	<u>68,273</u>	<u>114,500</u>	<u>113,500</u>
Annual Meeting and Course Expenses					
Meeting	10,683	10,000	8,622	18,000	17,000
Regional courses	41,620	28,000	16,052	32,000	35,000
In-house courses	<u>29,006</u>	<u>16,500</u>	<u>21,300</u>	<u>24,500</u>	<u>29,500</u>
	<u>81,309</u>	<u>54,500</u>	<u>45,974</u>	<u>74,500</u>	<u>81,500</u>
Sales Expenses					
Cost of goods sold (resale)	93,203	100,000	56,000	98,500	108,500
Cost of goods sold (software)	8,710	12,000	6,882	16,500	18,000
Cost of goods sold (in-house)	13,726	15,500	11,830	27,500	33,000
Bankcard processing fees	875	700	1,465	3,000	3,500
Bad debt expense	2,456	500	0	0	500
Shipping	<u>9,616</u>	<u>16,000</u>	<u>4,539</u>	<u>10,000</u>	<u>10,500</u>
	<u>128,586</u>	<u>144,700</u>	<u>67,379</u>	<u>155,500</u>	<u>174,000</u>
Personnel Expenses					
Salaries and wages	126,926	140,000	69,892	140,000	147,000
Payroll Taxes	15,898	22,000	7,534	15,000	15,000
Health Insurance	7,538	11,000	5,481	11,000	11,500
Pensions	15,310	42,000	8,276	16,500	17,000
Other employee benefits	<u>1,087</u>	<u>2,000</u>	<u>1,110</u>	<u>2,000</u>	<u>2,500</u>
	<u>166,759</u>	<u>217,000</u>	<u>92,293</u>	<u>184,500</u>	<u>193,500</u>
Operational Expenses					
Rent	8,225	12,800	6,059	12,000	13,000
Phone	4,429	6,000	2,687	5,500	6,000
Utilities	2,360	2,500	1,613	3,000	3,500
Office supplies	8,530	8,500	3,231	6,500	7,000
Bank lockbox fees	2,703	3,500	1,767	3,500	4,000
Postage and mailing	16,764	17,000	9,465	19,000	20,500
Printing/photocopying	11,453	18,000	8,603	17,000	18,000
Business Insurance	3,900	2,500	4,320	8,500	9,000
Legal and accounting fees	12,276	5,000	2,078	4,000	4,000
Off-site computer usage	4,444	1,500	661	1,500	1,500
Equipment depreciation	4,981	6,000	4,451	9,500	10,500
Other	<u>2,663</u>	<u>4,000</u>	<u>4,652</u>	<u>8,000</u>	<u>19,000</u>
	<u>82,728</u>	<u>87,300</u>	<u>48,250</u>	<u>98,000</u>	<u>116,000</u>
Other Expenses					
TUG Committees	11,307	10,000	5,853	11,500	12,500
T _E Xhax	3,045	12,000	6,271	12,500	13,000
BIB/T _E X Project	0	0	10,000	10,000	0
Staff training	3,572	5,000	671	1,500	1,500
Exhibits/meetings	<u>7,646</u>	<u>8,000</u>	<u>2,754</u>	<u>5,500</u>	<u>5,500</u>
	<u>25,570</u>	<u>35,000</u>	<u>25,549</u>	<u>41,000</u>	<u>32,500</u>
TOTAL EXPENSES	<u>\$ 553,752</u>	<u>\$ 607,000</u>	<u>\$ 349,055</u>	<u>\$ 668,000</u>	<u>\$ 710,500</u>
NET INCOME	<u>\$ (6,187)</u>	<u>\$ 27,500</u>	<u>\$ (7,858)</u>	<u>\$ (6,500)</u>	<u>\$ 22,500</u>