



2008 HFES Financial Report

The Human Factors and Ergonomics Society’s 2008 audited financial report, received by Secretary-Treasurer Andrew S. Imada in October 2009, was prepared by Castillo & West Accountancy Corporation. The firm audited the following statement of assets and liabilities – cash basis – of the Human Factors and Ergonomics Society, Inc. (a nonprofit organization) at December 31, 2008, and the related statements of revenues and expenses – cash basis, and of changes in fund balance – cash basis, for the 12 months then ended. These financial statements are the responsibility of the Human Factors and Ergonomics Society’s management. The firm’s responsibility is to express an opinion on these financial statements based on its audit.

In addition to the regular Society funds, the firm reviewed the A. Chapanis Award funds. These funds had a balance of \$27,045 at January 1, 2008; at December 31, 2008 the balance was \$20,687.

The firm conducted its audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that the firm plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The firm believes that its audit provides a reasonable basis for its opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In the firm’s opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the Human Factors and Ergonomics Society, Inc. as of December 31, 2008, and its revenue, expenses, and the changes in its fund balances for the 12 months then ended, in conformity with the basis of accounting described in Note 1.

Statement of Assets and Liabilities – Cash Basis, December 31, 2008

Assets

Cash on deposit

Bank of America.....	<u>\$251,448</u>
Total Cash on Deposit.....	\$251,448

Investments

Charles Schwab, at market value (Note 7).....	\$600,240
Vanguard STAR Fund, at market value (Note 7).....	<u>93,601</u>
Total assets.....	<u>\$945,289</u>

Liabilities and Fund Balance

Reserve for current payable (Note 3).....	\$12,000
Due to TG	(1,730)
Payroll liabilities	(377)
IEA Donations	668
Total liabilities	\$10,561
Fund balance	<u>934,728</u>
Total liabilities and fund balance	\$945,289

**Statement of Changes in Fund Balance – Cash Basis
for the 12 Months Ended December 31, 2008**

Balance - January 1, 2008	\$932,854
Add: Excess of revenues over expenses	<u>1,874</u>
Balance - December 31, 2008	\$934,728

**Statement of Revenues and Expenses – Cash Basis
for the 12 Months Ended December 31, 2008****Revenues**

Individual memberships.....	\$625,953
Sustaining memberships	5,100
Publications.....	616,593
HFES Institute.....	67,099
Annual Meeting	303,010
Placement.....	75,617
Net unrealized loss on investments.....	(39,659)
Miscellaneous	<u>24,423</u>
Total revenues	\$1,678,136

Expenses**Publication Expenses:**

<i>HFES Bulletin</i>	\$49,087
<i>Human Factors Journal</i>	126,838
<i>Directory and Yearbook</i>	58,671
<i>Ergonomics in Design</i>	61,507
Books	27,115
Digital Library	59,445
Marketing.....	20,145
Other publication expense.....	<u>33,335</u>
Total publication expense.....	\$436,143

Member Services:

Mailings expenses.....	\$14,720
Placement Service.....	33,145

Committee and other (Note 4)	158,926
Annual Meeting	62,462
Member Services	42,433
Computer, Web site, & related expenses	37,724
Interorganizational	<u>34,325</u>
Total member services.....	\$383,735

General and Administrative Expense:

Salaries and related costs	\$664,025
Office expense	166,798
Accounting and legal	<u>25,561</u>
Total general and administrative expense	\$856,384

Total expenses.....\$1,676,262

Excess of revenues over expenses\$1,874

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Human Factors and Ergonomics Society, Inc. (the organization) is presented to assist in understanding the organization’s financial statements. The financial statements and notes are representations of the organization who is responsible for their integrity and objectivity.

Activity. The organization is a nonprofit entity. The organization is an interdisciplinary organization of professional workers concerned with the role of humans in complex systems, the design of equipment and facilities for human use, and the development of environments for comfort and safety. The membership is composed of psychologists, engineers, physiologists, and other scientists from the United States and around the world.

Human Factors and Ergonomics Society, Inc. promotes research and the application of human factors in the design, development, use, and evaluation of machines, systems, environments, and devices.

Basis of accounting. The organization’s policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Note 2 – Property and Equipment

It is the organization’s policy to expense all capital assets purchased throughout the year.

Note 3 – Reserve for Current Payable

This represents a segregation of surplus for bills due at December 31, 2008. This represents \$12,000 for miscellaneous payables.

Note 4 – Committee and Other

IEA Representatives.....	\$11,683
Awards	1,445
Diversity.....	2,265
Government Relations	5,230
Outreach Advisory	31,295
Student Affairs	6,182
Miscellaneous	7,441
HFES Institute.....	43,371
Executive Council.....	<u>50,014</u>
Total	\$158,926

Note 5 – Concentrations of Credit Risk

The organization maintains its cash balances at several financial institutions located in Santa Monica, California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, there was an uninsured cash balance of \$1,448.

Note 6 – Pension Plan

The organization has a tax-deferred annuity plan using Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) Annuities that meet the requirements of section 403(b)(1) of the Internal Revenue Code.

Benefits are provided by individually insured contracts issued by TIAA-CREF to each participant. The guaranteed rate basis for premiums applied to TIAA Retirement Annuity contracts is in accordance with the terms of the participant’s individual annuity contract.

The plan is a defined contribution plan, which covers all full-time employees with two years of service. The plan calls for contributions of 10% of compensation for participants for the first three years in the plan and 12.5% of compensation thereafter.

Note 7 – Investments

The organization has the following funds with the Vanguard Group and Charles Schwab:

	Cost	Fair Market Value
6,486.530 shares of Vanguard STAR Fund	\$127,054	\$93,601
Charles Schwab	\$601,018	\$600,240

Note 8 – Income Tax Status

The organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization’s tax-exempt purpose is subject to taxation as unrelated business

income. For 2007, the organization had no tax on unrelated business income. In addition, the organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Note 9 – Publication

During 2008 the directors discussed the potential of either selling the *Human Factors* publication or partnering with a publisher in regards to the publication of the journal. The directors received legal counsel on issues to be considered regarding the publication.