

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1970 VOL. 22 PT. 1 NO. 64**

FINANCIAL REPORT

BALANCE SHEET

MAY 31, 1970

ASSETS

Current assets:	
Cash.....	\$ 32,594
Accounts receivable (no allowance for doubtful accounts considered necessary).....	19,297
Inventories, at lower of cost (first-in, first-out method) or market:	
Publications.....	\$ 57,224
Medallions.....	2,132
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Prepaid Expenses.....	\$ 59,356
	3,614
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Total current assets.....	\$114,861
Investments—at amortized cost (quoted market \$177,404) (Note B)	205,087
Office equipment, at cost less accumulated depreciation of \$2,257 (Note C).....	7,771
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	<u>\$327,719</u>

LIABILITIES AND MEMBERSHIP EQUITY

Current liabilities:	
Accounts payable.....	\$ 83,431
Advance subscriptions to publications.....	10,780
Advance registrations.....	6,625
Due to International Actuarial Association.....	3,939
Accrued payroll taxes.....	2,440
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Total current liabilities.....	\$107,215
Membership equity.....	220,504
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	<u>\$327,719</u>

STATEMENT OF INCOME AND EXPENSES AND
MEMBERSHIP EQUITY, YEAR ENDED
MAY 31, 1970

Income:	
Membership dues	\$201,200
Examination and registration fees	142,197
Sale of publications and materials	93,301
Income from American Academy of Actuaries	14,369
Investment income	13,161
Miscellaneous income	19,294
	<u>\$483,522</u>
Expenses:	
Salaries	\$ 98,685
Cost of publications	73,522
Cost of membership copies of publications—unbound	44,981
Education and examinations	89,868
General and administrative	175,962
	<u>\$483,018</u>
Net income	\$ 504
Membership equity:	
Balance, May 31, 1969, as previously reported	\$253,152
Restatement of May 31, 1969, balance due to change from cash to accrual basis accounting (Note A)	<u>(33,152)</u>
Balance, June 1, 1969, as restated	<u>\$220,000</u>
Balance, May 31, 1970	<u><u>\$220,504</u></u>
See notes to financial statements.	

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MAY 31, 1970

NOTE A: CHANGE IN ACCOUNTING

As of June 1, 1969, the Society changed its method of accounting from a cash basis to an accrual basis. Accordingly, various income and expenses received or paid in the fiscal year ending May 31, 1970, are includable in the prior year's operations. These amounts have been retroactively adjusted to membership equity at June 1, 1969, and are as follows:

Income:

Income from American Academy of Actuaries.....	\$ 2,381
Examination and registration fees—decrease.....	(5,165)
Net decrease in income.....	<u>\$ 2,784</u>

Expenses:

Education and examination.....	\$ 20,148
General and administrative.....	10,220
Net increase in expenses.....	<u>\$ 30,368</u>
Net reduction of income.....	<u>\$ 33,152</u>

Had the cash basis of accounting been continued, there would have been a net loss for 1970 of \$12,259 instead of a net profit of \$504.

NOTE B: INVESTMENTS

	Par Value	Cost	Market
United States Treasury Bonds.....	\$152,000	\$149,017	\$131,353
Federal Agency Bonds.....	40,000	37,614	33,280
Canadian Bonds.....	18,000	16,456	11,636
Corporate Bonds.....	2,000	2,000	1,135
		<u>\$205,087</u>	<u>\$177,404</u>

In 1970 the Society began amortizing bond discount over the remaining maturity life of the bonds.

NOTE C: OFFICE EQUIPMENT

Depreciation is computed on a straight-line method over an estimated useful life of ten years. In 1970 depreciation of \$832 was charged to operations.

NOTE D: RETIREMENT PLAN

The Society's Retirement Plan covers all employees, subject to minimum eligibility requirements. The annual cost of the Plan, which was \$11,951 in the year ended May 31, 1970, is paid as incurred.

We have examined the accompanying balance sheet of the Society of Actuaries as of May 31, 1970, and the related statement of income and expense and membership equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements for the preceding year were not examined by us.

In our opinion, the financial statements referred to above present fairly the financial position of the Society at May 31, 1970, and the results of its activities for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent (except as noted in Note A) with that of the preceding year.

[Signed] TOUCHE ROSS & Co.

Detailed statements of income, disbursements, assets, liabilities, and operating fund, similar to those published in *TSA*, XXI, 623-625, are on file in the Office of the Society. A copy may be obtained upon request.

[Signed] ROBERT H. HOSKINS
Treasurer