

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1978 VOL. 30**

FINANCIAL REPORT

BALANCE SHEETS

ASSETS

	JULY 31	
	1978	1977
Current assets:		
Cash	\$ 100	\$ 77,432
Savings account	106,582	188,076
Certificates of deposit	370,000	270,000
Accounts receivable, less allowance for doubtful ac- counts of \$8,960 in 1978 and \$8,206 in 1977	177,264	132,056
Inventories	71,865	51,970
Other current assets	8,401	7,852
Total current assets	<u>\$734,212</u>	<u>\$727,386</u>
Investments (quoted market \$133,754 in 1978 and \$136,039 in 1977) (Note B)	146,503	146,346
Office equipment, at cost less accumulated depreciation of \$19,633 in 1978 and \$14,781 in 1977	46,428	32,688
	<u>\$927,143</u>	<u>\$906,420</u>

LIABILITIES AND MEMBERSHIP EQUITY

Current liabilities and deferred income:		
Accounts payable	\$110,450	\$118,311
Bank overdraft	7,237	
Due to International Actuarial Association	2,090	1,392
Advances (principally on publications)	10,355	46,787
Unearned member dues (Note G)	210,190	385,207
Total current liabilities and deferred income ..	<u>\$340,322</u>	<u>\$551,697</u>
Membership equity	586,821	354,723
	<u>\$927,143</u>	<u>\$906,420</u>

See notes to financial statements.

STATEMENT OF INCOME AND EXPENSES
AND MEMBERSHIP EQUITY

	YEAR ENDED	
	JULY 31	
	1978	1977
Income:		
Membership dues (Note G)	\$ 680,968	\$ 434,829
Meeting registration fees	110,663	101,785
Examination fees and educational material sales	520,689	454,081
Sale of publications	97,769	126,501
Income from American Academy of Actuaries	53,579	43,018
Investment income	35,523	31,869
Other	106,114	46,375
	<u>\$1,605,305</u>	<u>\$1,238,458</u>
Expenses:		
Membership activities	\$ 140,093	\$ 149,599
Meeting expenses	140,103	79,303
Examinations and cost of educational materials	272,507	271,335
Cost of publications	29,448	43,539
Salaries	296,011	220,104
General and administrative (other than salaries)	495,045	409,998
	<u>\$1,373,207</u>	<u>\$1,173,878</u>
Excess of income over expenses	\$ 232,098	\$ 64,580
Membership equity:		
Beginning of year	354,723	290,143
End of year	<u>\$ 586,821</u>	<u>\$ 354,723</u>
See notes to financial statements.		

NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JULY 31, 1978

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories are stated at the lower of cost (first-in, first-out method) or market.

Office equipment is recorded at acquisition cost. Depreciation is provided by the straight-line method over an estimated useful life of ten years.

Investments in bonds are carried at amortized cost, since it is the Society's policy to hold such investments until maturity.

Membership dues are deferred and recognized as income on a pro rata basis over the Society's membership period. (See Note G.)

NOTE B: INVESTMENTS

Investments at July 31, 1978, consist of the following:

	Par Value	Amortized Cost	Market
United States Treasury bonds	\$ 67,000	\$ 66,848	\$ 60,799
Canadian bonds	18,000	17,822	16,202
Corporate bonds	62,000	61,833	56,753
	<u>\$147,000</u>	<u>\$146,503</u>	<u>\$133,754</u>

NOTE C: TAX-EXEMPT STATUS

The Society has qualified as a tax-exempt organization under provisions of the Internal Revenue Code. Therefore, its current activities do not result in liabilities for income taxes.

NOTE D: RETIREMENT PLAN

All employees of the Society, subject to minimum eligibility requirements, are covered by a retirement plan. The Society contributes 15 percent of the employee's basic salary, and the employees may contribute amounts up to the exclusion allowance as defined in the Internal Revenue Code. These contributions are applied to purchase deferred annuity contracts from insurance companies. It is the Society's policy to fund retirement costs accrued. The expense of the plan was \$37,292 in 1978 and \$27,939 in 1977.

NOTE E: CUSTODIAN FOR CONTRIBUTED FUNDS

The Society is custodian for funds contributed by members for a minority recruitment program. Disbursements to support educational programs for minority students are made upon the authorization of the program director. Funds held for the program at July 31, 1978 and 1977, totaled \$24,385 and \$34,264, respectively.

Funds held for a Scholarship Fund for which the Society is custodian amounted to \$10,140 and \$8,544 at July 31, 1978 and 1977, respectively.

Funds for the minority recruitment program and the Scholarship Fund are not reflected in the Society's financial statements.

NOTE F: RENTAL COMMITMENTS

The Society is obligated under noncancellable leases for the rental of certain data processing equipment, lease expiring February 5, 1981, and for office space, lease expiring October 10, 1980. As of July 31, 1978, the approximate minimum rental commitments under these operating leases were as follows:

Year Ending July 31	Amount
1979.....	\$75,400
1980.....	75,800
1981.....	18,700

Total rental expense was approximately \$62,000 for the year ended July 31, 1978.

NOTE G: RECOGNITION OF MEMBERSHIP DUES

For the year ended July 31, 1978, membership dues were recognized as income on a pro rata basis over the membership calendar year. In prior years, dues income was recognized over the billing year of June 1 to May 31.

The change during 1978 was in accordance with the change in collection policy whereby members are now required to pay dues during the year billed in order to retain good standing. In prior years, members could remit up to two months after the calendar year covered.

The effect of this change was to increase membership dues income by \$209,500 during the year ended July 31, 1978.

We have examined the balance sheets of the Society of Actuaries at July 31, 1978 and 1977, and the related statements of income and expenses and membership equity for the years then ended. Our examinations were 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.

In our opinion, the financial statements referred to above present fairly the financial position of the Society of Actuaries at July 31, 1978 and 1977, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

[Signed] TOUCHE ROSS & Co.