

**TRANSACTIONS OF SOCIETY OF ACTUARIES  
1979 VOL. 31**

**FINANCIAL REPORT**

**BALANCE SHEETS**

**ASSETS**

	JULY 31	
	1979	1978
Current assets:		
Cash . . . . .	\$ 38,042	\$ 100
Savings account . . . . .	33,886	106,582
Certificates of deposit . . . . .	370,000	370,000
Accounts receivable, less allowance for doubtful ac- counts of \$9,500 in 1979 and \$8,960 in 1978 . . . . .	129,800	177,264
Inventories . . . . .	55,866	71,865
Other current assets . . . . .	24,894	8,401
	\$652,488	\$734,212
Investments (quoted market \$128,615 in 1979 and \$133,754 in 1978 (Note B) . . . . .	146,660	146,503
Office equipment, less accumulated depreciation of \$24,863 in 1979 and \$19,633 in 1978 . . . . .	52,056	46,428
Custodian funds—savings accounts (Note E):		
Minority recruitment fund . . . . .	69,598	24,385
Smith scholarship fund . . . . .	16,907	10,140
	\$ 86,505	\$ 34,525
	\$937,709	\$961,668

**LIABILITIES AND MEMBERSHIP EQUITY**

Current liabilities and deferred income:		
Accounts payable . . . . .	\$191,473	\$110,450
Bank overdraft . . . . .		7,237
Due to International Actuarial Association . . . . .	3,279	2,090
Advances (principally on publications) . . . . .	8,670	10,355
Unearned member dues (Note G) . . . . .	222,795	210,190
	\$426,217	\$340,322
Custodian funds (Note E):		
Minority recruitment fund . . . . .	69,598	24,385
Smith scholarship fund . . . . .	16,907	10,140
	\$ 86,505	\$ 34,525
Membership equity . . . . .	424,987	586,821
	\$937,709	\$961,668
	\$937,709	\$961,668

See notes to financial statements.

STATEMENTS OF INCOME AND EXPENSES  
AND MEMBERSHIP EQUITY

	YEAR ENDED JULY 31	
	1979	1978
<b>Income:</b>		
Membership dues (Note G) . . . . .	\$ 515,270	\$ 680,968
Meeting registration fees . . . . .	115,520	110,663
Examination fees and educational material sales . . . . .	569,392	520,689
Sale of publications . . . . .	82,240	97,769
Income from American Academy of Actuaries . . . . .	58,462	53,579
Investment income . . . . .	41,481	35,523
Other . . . . .	94,165	106,114
	<b>\$1,476,530</b>	<b>\$1,605,305</b>
<b>Expenses:</b>		
Membership activities . . . . .	\$ 141,159	\$ 140,093
Meeting expenses . . . . .	173,994	140,103
Examinations and cost of educational materials . . . . .	386,963	272,507
Cost of publications . . . . .	29,890	29,448
Salaries . . . . .	331,534	296,011
General and administrative (other than salaries) . . . . .	574,824	495,045
	<b>\$1,638,364</b>	<b>\$1,373,207</b>
Excess (deficiency) of income over expenses . . . . .	(\$ 161,834)	\$ 232,098
<b>Membership equity:</b>		
Beginning of year . . . . .	586,821	354,723
End of year . . . . .	<b>\$ 424,987</b>	<b>\$ 586,821</b>

See notes to financial statements.

## STATEMENT OF CHANGES IN FINANCIAL POSITION

Source of funds:	YEAR ENDED	
	1979	1978
Operations:		
Excess (deficiency) of income over expenses . . . . .	(\$161,834)	\$232,098
Depreciation and amortization . . . . .	7,005	5,534
Funds provided from (used in) operations . . . . .	<u>(\$154,829)</u>	<u>\$237,632</u>
Increase in:		
Accounts payable . . . . .	81,023	
Unearned member dues . . . . .	12,605	
Decrease in:		
Accounts receivable . . . . .	47,464	
Inventories . . . . .	15,999	
	<u>\$ 2,262</u>	<u>\$237,632</u>
Application of funds:		
Purchases of equipment . . . . .	\$ 12,790	\$ 19,431
Increase in:		
Accounts receivable . . . . .		45,208
Inventories . . . . .		19,895
Decrease in:		
Accounts payable . . . . .		7,861
Unearned member dues . . . . .		175,017
Other . . . . .	24,226	29,046
	<u>\$ 37,016</u>	<u>\$296,458</u>
Decrease in cash, savings account, and certificates of deposit . . . . .	<u>\$ 34,754</u>	<u>\$ 58,826</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS  
TWO YEARS ENDED JULY 31, 1979

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.)

Certain reclassifications have been made in 1978 financial statements to conform to the classifications used in 1979.

NOTE B: INVESTMENTS

Investments at July 31, 1979, consist of the following:

	Par Value	Amortized Cost	Market
United States Treasury bonds . . . . .	\$ 67,000	\$ 66,918	\$ 61,760
Canadian bonds . . . . .	18,000	17,903	16,570
Corporate bonds . . . . .	62,000	61,839	50,285
	\$147,000	\$146,660	\$128,615

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 employees' basic salary, and the employees may contribute amounts up to the limitation 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 \$42,252 in 1979 and \$37,292 in 1978.

NOTE E: CUSTODIAN FUNDS

The Society is custodian for funds contributed by members for a minority recruitment program and a scholarship fund. Disbursements to support the program and fund are made upon the authorization of the program or fund director.

## NOTE F: RENTAL COMMITMENTS

The Society is obligated under noncancelable leases for the rental of certain data processing equipment (lease expiring December 5, 1983) and for office space (lease expiring September 30, 1983). As of July 31, 1979, the approximate minimum rental commitments under these operating leases were as follows:

Year Ending July 31	Amount
1980.....	\$87,900
1981.....	87,900
1982.....	87,900
1983.....	87,900
1984.....	19,400

Total rental expense was approximately \$82,000 for the year ended July 31, 1979, and \$62,000 for the year ended July 31, 1978.

## NOTE G: RECOGNITION OF MEMBERSHIP DUES

For the year ended July 31, 1978, member 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, 1979 and 1978, and the related statements of income and expenses and membership equity and changes in financial position 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, 1979 and 1978, and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

[Signed] Touche Ross & Co.

