

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1977 VOL. 29**

FINANCIAL REPORT

BALANCE SHEETS

ASSETS

| | 1977 | JULY 31 1976 |
|--|------------------|------------------|
| Current assets: | | |
| Cash..... | \$ 77,432 | \$222,017 |
| Savings account..... | 188,076 | 238,134 |
| Certificates of deposit..... | 270,000 | |
| Accounts receivable, less allowance for doubtful ac- counts of \$8,206 in 1977 and \$7,595 in 1976..... | 132,056 | 132,159 |
| Inventories..... | 51,970 | 52,119 |
| Other current assets..... | 7,852 | 6,676 |
| Total current assets..... | <u>\$727,386</u> | <u>\$651,105</u> |
| Investments (quoted market \$136,039 in 1977 and \$193,003 in 1976) (Note B)..... | 146,346 | 211,025 |
| Office equipment, at cost less accumulated depreciation of \$14,781 in 1977 and \$10,689 in 1976..... | 32,688 | 29,577 |
| | <u>\$906,420</u> | <u>\$891,707</u> |

LIABILITIES AND MEMBERSHIP EQUITY

| | | |
|---|------------------|------------------|
| Current liabilities and deferred income: | | |
| Accounts payable..... | \$118,311 | \$142,630 |
| Due to International Actuarial Association..... | 1,392 | 11,310 |
| Advances (principally on publications)..... | 46,787 | 91,257 |
| Unearned member dues..... | 385,207 | 356,367 |
| Total current liabilities and deferred income.. | <u>\$551,697</u> | <u>\$601,564</u> |
| Membership equity..... | 354,723 | 290,143 |
| | <u>\$906,420</u> | <u>\$891,707</u> |

See notes to financial statements.

STATEMENT OF INCOME AND EXPENSES
AND MEMBERSHIP EQUITY

| | YEAR ENDED JULY 31 | |
|--|-----------------------|--------------------|
| | 1977 | 1976 |
| Income: | | |
| Membership dues | \$ 434,829 | \$ 399,019 |
| Meeting registration fees | 101,785 | 91,080 |
| Examination fees and educational material sales | 454,081 | 443,929 |
| Sale of publications | 126,501 | 91,604 |
| Income from American Academy of Actuaries | 43,018 | 38,537 |
| Investment income | 31,869 | 24,251 |
| Other | 46,375 | 20,849 |
| | <u>\$1,238,458</u> | <u>\$1,109,269</u> |
| Expenses: | | |
| Membership activities | \$ 149,599 | \$ 148,229 |
| Meeting expenses | 79,303 | 71,367 |
| Examinations and cost of educational materials | 271,335 | 283,994 |
| Cost of publications | 43,539 | 29,002 |
| Salaries | 220,104 | 183,879 |
| General and administrative (other than salaries) | 409,998 | 299,786 |
| | <u>\$1,173,878</u> | <u>\$1,016,257</u> |
| Excess of income over expenses | \$ 64,580 | \$ 93,012 |
| Membership equity: | | |
| Beginning of year | 290,143 | 197,131 |
| End of year | <u>\$ 354,723</u> | <u>\$ 290,143</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JULY 31, 1977

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 recorded as income on a pro rata basis as earned over the Society's annual billing period.

NOTE B: INVESTMENTS

Investments at July 31, 1977, consist of the following:

| | Par Value | Amortized Cost | Market |
|-----------------------------------|------------------|-------------------|------------------|
| United States Treasury bonds..... | \$ 67,000 | \$ 66,779 | \$ 63,535 |
| Canadian bonds..... | 18,000 | 17,741 | 14,856 |
| Corporate bonds..... | 62,000 | 61,826 | 57,648 |
| | <u>\$147,000</u> | <u>\$146,346</u> | <u>\$136,039</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 \$27,939 in 1977 and \$24,152 in 1976.

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, 1977 and 1976, totaled \$34,264 and \$8,947, respectively.

Funds held for a Scholarship Fund for which the Society is custodian amounted to \$8,544 and \$9,967 at July 31, 1977 and 1976, respectively.

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

We have examined the balance sheets of the Society of Actuaries as of July 31, 1977 and 1976, and the related statement 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, 1977 and 1976, 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.