

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1982 VOL. 34**

FINANCIAL REPORT

BALANCE SHEETS

ASSETS

	JULY 31	
	1982	1981
Current assets:		
Cash.....	\$ 38,105	\$ 40,704
Short-term investments, at cost, which approximates market.....	1,176,872	925,263
Accounts receivable, less allowance for doubtful accounts of \$18,000 in 1982 and \$8,110 in 1981	328,458	386,127
Inventories	182,519	166,549
Other current assets	86,291	75,044
Total current assets	\$1,812,245	\$1,593,687
Investments (quoted market \$76,800 in 1982 and \$71,818 in 1981) (Note B).....	111,816	111,778
Fixed assets:		
Office equipment	118,899	83,698
Leasehold improvements	12,566	
Less accumulated depreciation and amortization... (45,298)	32,967)
	\$ 86,167	\$ 50,731
Custodian funds—short-term investments, at cost, which approximates market (Note E):		
Minority recruitment program.....	153,285	108,973
Smith scholarship fund.....	20,236	18,801
	\$ 173,521	\$ 127,774
	\$2,183,749	\$1,883,970

LIABILITIES AND MEMBERSHIP EQUITY

Current liabilities and deferred income:		
Accounts payable and accrued expenses (Note G)	\$ 965,673	\$ 866,738
Due to International Actuarial Association.....	20,254	4,442
Advances (principally on publications).....	3,599	9,172
Unearned revenues	444,932	379,272
Total current liabilities and deferred income	\$1,434,458	\$1,259,624
Custodian funds (Note E):		
Minority recruitment program	153,285	108,973
Smith scholarship fund	20,236	18,801
	\$ 173,521	\$ 127,774
Membership equity (Note G).....	575,770	496,572
	\$2,183,749	\$1,883,970

See notes to financial statements.

STATEMENTS OF INCOME AND EXPENSES AND MEMBERSHIP EQUITY

	YEAR ENDED	
	JULY 31	
	1982	1981
Income:		
Membership dues.....	\$ 905,555	\$ 800,654
Meeting registration fees.....	323,335	263,679
Seminar fees.....	369,120	185,892
Examination fees and educational material sales ...	950,935	829,669
Sale of publications.....	77,139	136,475
Income from allied organizations	91,030	79,281
Investment income	190,012	134,257
Mortality report	283,535	313,227
Other.....	17,278	16,052
	<u>\$3,207,939</u>	<u>\$2,759,186</u>
Expenses:		
Salaries and related expenses.....	807,982	649,588
Printing.....	643,103	604,086
Travel and honoraria	512,751	424,567
Postage and mailing	296,293	248,540
Mortality reports	262,965	279,032
Grading services and item writers	232,298	232,736
Rent.....	95,299	79,326
Office expense.....	89,780	60,949
Computer charges	50,909	43,200
Miscellaneous	34,314	34,140
Telephone	31,740	25,602
Professional fees.....	23,730	6,821
Depreciation—books	17,945	21,405
Depreciation—office	13,736	8,047
Insurance.....	6,281	6,199
Math contest	5,000	5,000
Professional association	2,000	
Conference Board of the Mathematical Sciences...	1,570	1,177
Library	1,045	
	<u>\$3,128,741</u>	<u>\$2,730,415</u>
Excess of income over expenses	<u>\$ 79,198</u>	<u>\$ 28,771</u>
Membership equity, beginning of year:		
As previously reported	\$ 496,572	\$ 477,661
Cumulative effect on prior years of change in accounting for compensated absences (Note G)....		(9,860)
As restated	\$ 496,572	\$ 467,801
Excess of income over expenses	<u>79,198</u>	<u>28,771</u>
Membership equity, end of year	<u>\$ 575,770</u>	<u>\$ 496,572</u>

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	YEAR ENDED	
	1982	1981
Source of funds:		
Operations:		
Excess of income over expenses	\$ 79,198	\$ 28,771
Depreciation and amortization.....	<u>31,643</u>	<u>29,417</u>
Funds provided from operations	110,841	58,188
Increase in:		
Accounts payable and accrued expenses	114,747	81,846
Unearned revenues.....	65,660	19,947
Decrease (increase) in:		
Accounts receivable.....	<u>57,669</u>	(<u>49,580</u>)
	<u>\$348,917</u>	<u>\$110,401</u>
Application of funds:		
Purchases of equipment, net of disposals	49,172	9,704
Increase in inventories.....	33,915	66,148
Other.....	<u>16,820</u>	<u>40,912</u>
	\$ 99,907	\$116,764
Increase (decrease) in cash and short-term investments	<u>\$249,010</u>	(<u>\$ 6,363</u>)

See notes to financial statements.

FINANCIAL REPORT

NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JULY 31, 1982

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Office equipment and leasehold improvements are recorded at acquisition cost. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the assets.

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.

Certain reclassifications have been made in 1981 financial statements to conform to the classifications used in 1982.

NOTE B. INVESTMENTS

Investments at July 31, 1982, consist of the following:

	Par Value	Amortized Cost	Market
United States Treasury bonds.....	\$ 42,000	\$ 41,980	\$38,170
Canadian bonds	8,000	7,977	7,132
Corporate bonds.....	<u>62,000</u>	<u>61,859</u>	<u>31,498</u>
	<u>\$112,000</u>	<u>\$111,816</u>	<u>\$76,800</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 employees' basic salaries, 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 \$85,255 in 1982 and \$67,258 in 1981.

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, 1982, the approximate minimum rental commitments under these operating leases were as follows:

Year Ending July 31	Amount
1983	\$119,347
1984	22,452

Total rental expense was approximately \$98,500 for the year ended July 31, 1982, and \$106,000 for the year ended July 31, 1981.

NOTE G. CHANGE IN ACCOUNTING

During 1982, the Society changed its method of accounting for compensated absences from the cash to accrual basis to comply with the provisions of Financial Accounting Standards Board Statement No. 43. Membership equity as of August 1, 1980, has been restated for the cumulative effect of this change. The effect on the results of operations for 1981 was not material.

We have examined the balance sheets of the Society of Actuaries at July 31, 1982 and 1981, 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, 1982 and 1981, 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, after restatement for the change in the method of accounting for compensated absences, with which we concur, as described in Note G.

[Signed] TOUCHE ROSS & Co.

