

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1984 VOL. 36**

FINANCIAL REPORT

BALANCE SHEETS

ASSETS

	JULY 31	
	1984	1983
Current Assets:		
Cash and short-term investments	\$1,085,907	\$ 678,112
Accounts receivable, less allowance of \$12,000	534,954	574,694
Inventories—at cost	146,459	158,499
Other current assets	<u>140,245</u>	<u>107,794</u>
Total Current Assets	1,907,565	1,519,099
Long-term investments—(Note B)	701,756	605,636
Furniture, equipment and leasehold improvements—at cost, less allowances for depreciation and amortization (1984—\$62,739; 1983—\$58,451)	148,491	105,873
Custodian funds—primarily short-term investments, at cost which approximates market—(Note E)	<u>290,264</u>	<u>210,201</u>
	<u>\$3,048,076</u>	<u>\$2,440,809</u>

LIABILITIES AND MEMBERSHIP EQUITY

Current Liabilities:		
Accounts payable and accrued liabilities	\$1,265,931	\$1,047,120
Dues to International Actuarial Association	18,504	25,219
Advances (principally on publications)	26,664	17,750
Unearned revenues	<u>574,881</u>	<u>515,651</u>
Total current liabilities	1,885,980	1,605,740
Custodian funds—accounts payable—Note E	25,539	3,815
Custodian funds—(Note E)		
Minority recruitment program	173,113	152,907
Smith scholarship	14,838	17,900
Educational award fund	10,375	—
Special interest sections:		
Individual life insurance and annuity product development	17,914	9,939
Life insurance company financial reporting	13,732	7,212
Pension	11,637	3,539
Health insurance	8,417	6,414
Futurism	6,389	3,330
Reinsurance	6,340	5,145
Nontraditional marketing	<u>1,970</u>	<u>—</u>
	264,725	206,386
Membership equity	<u>871,832</u>	<u>624,868</u>
	<u>\$3,048,076</u>	<u>\$2,440,809</u>

See notes to financial statements.

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN
MEMBERSHIP EQUITY

	YEAR ENDED JULY 31	
	1984	1983
Revenues:		
Membership dues	\$1,159,219	\$1,049,383
Meeting registration fees	486,090	364,298
Seminar fees	392,858	328,084
Examination fees and educational material sales	1,354,708	1,111,888
Sale of publications	70,263	108,632
Income from allied organizations	92,860	82,487
Investment income	149,513	112,153
Mortality report	261,548	326,810
Other	<u>23,735</u>	<u>12,974</u>
Total revenues	3,990,794	3,496,709
Expenses:		
Salaries and related expenses	963,341	894,702
Printing	755,016	702,612
Travel and honoraria	752,490	589,539
Postage and mailing	383,364	307,242
Mortality reports	249,484	306,399
Grading services and item writers	235,824	221,782
Rent	110,594	104,223
Office expense	101,743	88,338
Computer charges	45,875	41,332
Miscellaneous	53,550	49,801
Telephone	23,151	27,838
Professional fees	595	44,197
Depreciation—books	23,565	26,957
Depreciation—office	21,937	26,742
Insurance	7,749	7,130
Math contest	5,000	5,000
Professional association	8,000	2,000
Conference Board of the Mathematical Sciences	981	1,177
Library	<u>1,571</u>	<u>600</u>
Total expenses	<u>3,743,830</u>	<u>3,447,611</u>
Excess of revenues over expenses	246,964	49,098
Membership equity at beginning of year	<u>624,868</u>	<u>575,770</u>
Membership equity at end of year	<u>\$ 871,832</u>	<u>\$ 624,868</u>

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	YEAR ENDED	
	1984	1983
Cash from operations:		
Excess of revenues over expenses	\$ 246,964	\$ 49,098
Depreciation and amortization	<u>45,502</u>	<u>53,699</u>
Cash from operations	292,466	102,797
Working capital changes:		
Unearned revenues and advances	61,429	84,870
Accounts payable and accrued liabilities	218,443	96,251
Accounts receivable	39,740	(246,236)
Other current assets	<u>(43,608)</u>	<u>(24,302)</u>
Cash from operations after changes in working capital . . .	568,470	13,380
Investing activities:		
Purchase of long-term investments	204,281	609,308
Proceeds from maturities of long-term investments	(108,161)	(115,488)
Additions to furniture, equipment and leasehold improvements	<u>64,555</u>	<u>41,989</u>
Total investing activities	<u>160,675</u>	<u>535,809</u>
Increase (decrease) in cash and short-term investments . . .	<u>\$ 407,795</u>	<u>\$ (522,429)</u>

See notes to financial statements.

FINANCIAL REPORT
 NOTES TO FINANCIAL STATEMENTS
 TWO YEARS ENDED
 JULY 31, 1984

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Long-term investments are carried at amortized cost since it is the Society's intent to hold such investments until maturity.

Provisions for depreciation and amortization of furniture, equipment, and leasehold improvements are computed on the straight-line method based on the estimated useful lives of the assets or the terms of the leases.

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

NOTE B. LONG-TERM INVESTMENTS

Long-term investments consist of the following:

	AMORTIZED COST		MARKET VALUE	
	1984	1983	1984	1983
United States Treasury Bonds	\$639,885	\$535,772	\$619,705	\$525,385
Canadian Bonds		7,998		7,950
Corporate Bonds	<u>61,871</u>	<u>61,866</u>	<u>38,173</u>	<u>39,068</u>
	<u>\$701,756</u>	<u>\$605,636</u>	<u>\$657,878</u>	<u>\$572,403</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. The Society's policy is to fund retirement costs accrued. Pension expenses for the years ended July 31, 1984 and 1983 were \$91,476 and \$100,245, respectively.

NOTE E. CUSTODIAN FUNDS

The Society is custodian for funds contributed by members for a minority recruitment program, a scholarship fund, an educational award fund, and special interest sections. Disbursements to support these programs are made upon the authorization of the program directors.

NOTE F. LEASE COMMITMENTS

The Society occupies office space under an operating lease agreement which includes an escalation clause to cover future increases in operating costs above base year costs. Total rent expense amounted to \$110,594 and \$104,223 in 1984 and 1983, respectively.

As of July 31, 1984, future minimum rental commitments for the noncancellable lease are as follows:

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Year Ending July 31	Amount
1985	\$124,960
1986	124,960
1987	124,960
1988	<u>31,240</u>
	<u>\$406,120</u>

We have examined the statement of financial condition of the Society of Actuaries as of July 31, 1984, and the related statements of revenues and expenses and changes in membership equity, and changes in financial position 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 of the Society for the year ended July 31, 1983 were examined by other auditors whose report dated September 9, 1983 expressed an unqualified opinion on those statements.

In our opinion, the 1984 financial statements referred to above present fairly the financial position of the Society of Actuaries at July 31, 1984, and the results of its operations and changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

[Signed] ERNST & WHINNEY

