

**TRANSACTIONS OF SOCIETY OF ACTUARIES
1985 VOL. 37**

FINANCIAL REPORT

BALANCE SHEETS

ASSETS

	JULY 31	
	1985	1984
Current Assets:		
Cash and short-term investments	\$1,283,158	\$1,085,907
Accounts receivable, less allowances (1985—\$18,570; 1984—\$12,000)	467,459	534,954
Inventories—at cost	118,715	146,459
Other current assets	172,385	140,245
Total Current Assets	2,041,717	1,907,565
Long-term investments—(Note B)	668,621	701,756
Furniture, equipment and leasehold improvements—at cost, less allowances for depreciation and amortization (1985—\$88,263; 1984—\$62,739)	190,331	148,491
Custodian funds—primarily short-term investments, at cost which approximates market—(Note E)	285,627	290,264
	<u>\$3,186,296</u>	<u>\$3,048,076</u>

LIABILITIES AND MEMBERSHIP EQUITY

Current Liabilities:		
Accounts payable and accrued liabilities	\$1,012,483	\$1,265,931
Due to International Actuarial Association	38,904	18,504
Advances (principally on publications)	32,428	26,664
Unearned revenues	633,192	574,881
Total current liabilities	1,717,007	1,885,980
Custodian funds—accounts payable—(Note E)	3,533	25,539
Custodian funds—(Note E)		
Minority recruitment program	141,602	173,113
Smith scholarship	11,311	14,838
Educational award fund	11,854	10,375
Special interest sections:		
Individual life insurance and annuity product development	30,937	17,914
Life insurance company financial reporting	20,223	13,732
Pension	27,305	11,637
Health insurance	13,354	8,417
Futurism	9,680	6,389
Reinsurance	8,505	6,340
Nontraditional marketing	7,323	1,970
	<u>282,094</u>	<u>264,725</u>
Membership equity	1,183,662	871,832
	<u>\$3,186,296</u>	<u>\$3,048,076</u>

See notes to financial statements.

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES
IN MEMBERSHIP EQUITY

	YEAR ENDED	
	JULY 31	
	1985	1984
Revenues:		
Membership dues	\$1,304,001	\$1,159,219
Meeting registration fees	558,635	486,090
Seminar fees	472,552	392,858
Examination fees, calculator sales, and educational material sales	1,535,988	1,354,708
Sale of publications	55,738	70,263
Income from allied organizations	120,679	92,860
Investment income	168,432	149,513
Mortality reports	7,867	261,548
Other	22,872	23,735
Total revenues	4,246,764	3,990,794
Expenses:		
Salaries and related expenses	1,152,206	963,341
Printing	759,082	755,016
Travel and honoraria	817,414	752,490
Postage and mailing	420,455	383,364
Mortality reports	—	249,484
Grading services and item writers	210,203	235,824
Cost of calculators sold	43,418	—
Rent	152,662	110,594
Office	149,612	101,743
Computer	35,617	45,875
Miscellaneous	37,925	53,550
Telephone	25,317	23,151
Professional fees	15,932	595
Depreciation—books	56,604	23,565
Depreciation—office	22,149	21,937
Insurance	11,615	7,749
Research and Development Fund	10,000	—
Math contest	5,000	5,000
Professional association	8,000	8,000
Conference Board of the Mathematical Sciences	628	981
Library	1,095	1,571
Total expenses	3,934,934	3,743,830
Excess of revenue over expenses	311,830	246,964
Membership equity at beginning of year	871,832	624,868
Membership equity at end of year	\$1,183,662	\$ 871,832

See notes to financial statements.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	YEAR ENDED	
	1985	1984
Cash from operations:		
Excess of revenues over expenses	\$311,830	\$246,964
Depreciation and amortization	97,186	45,502
Cash from operations	<u>409,016</u>	<u>292,466</u>
Working capital changes:		
Unearned revenues and advances	84,475	61,429
Accounts payable and accrued liabilities	(253,448)	218,443
Accounts receivable	67,495	39,740
Other current assets	<u>(61,000)</u>	<u>(43,608)</u>
Cash from operations after changes in working capital . . .	246,538	568,470
Investing activities:		
Purchase of long-term investments	(101,865)	(204,281)
Proceeds from maturities of long-term investments	135,000	108,161
Additions to furniture, equipment, and leasehold improvements	(121,806)	(64,555)
Disposals of furniture, equipment, and leasehold improvements	39,384	—
Total investing activities increase in cash and short-term investments	<u>(49,287)</u>	<u>(160,675)</u>
	<u>\$197,251</u>	<u>\$407,795</u>

See notes to financial statements.

FINANCIAL REPORT
 NOTES TO FINANCIAL STATEMENTS
 TWO YEARS ENDED
 JULY 31, 1985

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	
	1985	1984	1985	1984
United States Treasury Bonds.....	\$606,745	\$639,885	\$630,438	\$619,705
Corporate Bonds.....	61,876	61,871	45,935	38,173
	<u>\$668,621</u>	<u>\$701,756</u>	<u>\$676,373</u>	<u>\$657,878</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, 1985 and 1984 were \$113,910 and \$91,476, 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 \$152,662 and \$110,594 in 1985 and 1984, respectively.

As of July 31, 1985, future minimum rental commitments for the noncancelable lease are as follows:

	Year Ending July 31	Amount
1986	\$172,418
1987	172,418
1988	172,418
1989	43,105
		<u>\$560,359</u>

We have examined the statements of financial condition of the Society of Actuaries as of July 31, 1985 and 1984, and the related statements of revenues and expenses and changes in 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, 1985 and 1984, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

[Signed] ERNST & WHINNEY

