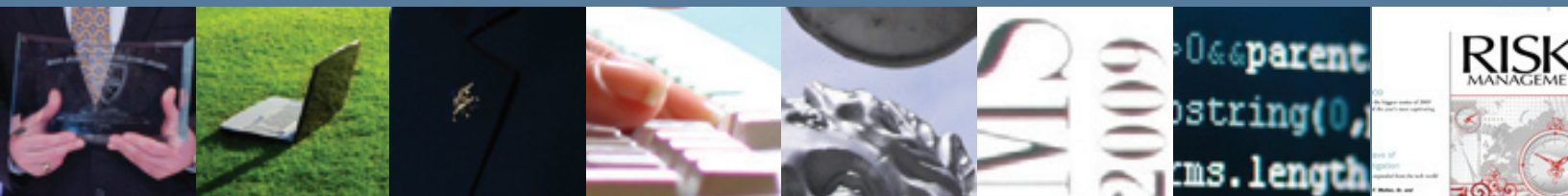


**RISK MANAGEMENT TAKES CENTER STAGE**



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# Letter from Leadership

Like all organizations, RIMS faces the challenges of operating in today's environment of fiscal uncertainty. Economic turmoil also provides opportunities, however, and the last few years have highlighted the importance of the risk management profession like never before. It is with this perspective that RIMS optimistically looks forward to the year to come. As RIMS manages its many initiatives with an eye toward a bright future, we remain committed to helping its members and industry partners get there, too.

RIMS' 2009 Annual Conference & Exhibition in Orlando hosted more than 7,000 industry professionals and addressed a wide range of critical topics such as the global economic crisis, emerging risks, subprime mortgages and natural disasters. RIMS debuted several notable publications at the event, including the 2009 RIMS Benchmark Survey™ and Excellence in Risk Management VI Report.

RIMS made great strides in the legislative and regulatory realms in 2009. The Society was vocal in the battle to eliminate contingent commissions and, although they have been reinstated in some states, RIMS succeeded in gaining the agreement of several of the major brokers on this important issue. It also published its executive report, *A Practical Guide to Insurance Broker Compensation and Potential Conflicts of Interest for the Risk Manager* to help risk managers navigate their way through the insurance purchasing transaction. RIMS was a strong advocate for legislation that established the first federal office of insurance and worked to shape a federal requirement for "risk committees" for certain large publicly traded companies.

The 2009 RIMS on the Hill legislative conference brought RIMS members from all over the country to Washington, D.C. to lobby and influence lawmakers. The past year marked the inauguration of regional events, as well, such as the California RIMS on the Mall in Sacramento and the Texas RIMS on the Hill in Austin.

With regard to membership, at the end of 2008 RIMS had 43 student members—a number that skyrocketed to 263 by December 2009. This was due in large part to the forward thinking of the RIMS Board of Directors. The Board decided to waive dues for students to allow them to learn the value of being part of the RIMS community first-hand and motivate them to continue their involvement throughout their careers.

To further advance risk management education, professional development opportunities for RIMS members expanded by leaps

and bounds in 2009, with RIMS making decisive moves to ensure that opportunities to learn virtually were abundant. RIMS introduced CourseCasts, which are highly interactive 90-minute online "mini-courses" that provide key takeaways that participants can put into practice immediately. The year also experienced a surge in webinars offered by the Society. Traditional opportunities were embraced, as RIMS left the office to offer tailored In-Company Training to member companies and myriad workshops throughout the country.

In 2010, RIMS will continue to champion legislative and regulatory reform that impacts the risk management community, as well as help risk managers develop best practices and efficiencies that increase their value within their organizations. RIMS will continue its tradition of bringing members the best in educational opportunities, professional resources and advocacy.

Sincerely,



A handwritten signature in black ink that reads "Terry Fleming".

Terry Fleming  
President, RIMS



A handwritten signature in black ink that reads "Mary Roth".

Mary Roth, ARM  
Executive Director, RIMS

# About the Risk and Insurance Management Society, Inc.

As the world's preeminent organization dedicated to advancing the practice of risk management, the Risk and Insurance Management Society, Inc. (RIMS) is a not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities globally. Founded in 1950, RIMS brings networking, professional development and educational opportunities to its membership of more than 10,000 risk management professionals, 85 percent of whom work for Fortune 500 companies or corporations. RIMS hosts an annual conference that boasts more than 400 exhibitors and attracts thousands of attendees. For more information on RIMS, visit [www.RIMS.org](http://www.RIMS.org).

## RIMS Board of Directors

### President and Director



**Terry Fleming**  
*Director, Division of Risk Management  
Montgomery County, Maryland*

### Vice President and Director



**Deborah Luthi, ARM, CCSA**  
*Director, Enterprise Risk Management,  
Matheson, Inc.*

### Treasurer and Director



**John Phelps, CPCU, ARM, CBCP**  
*Director, Business Risk Solutions  
Blue Cross and Blue Shield of Florida, Inc.*

### Secretary and Director



**Scott Clark, AAI**  
*Risk and Benefits Officer  
Miami-Dade County Public Schools*

### RIMS' committees, councils and governing bodies currently include:

Audit	Finance	Quality Advisory Council (QAC)
Conference Programming	International	RIMS Canada Council
ERM Development	Member & Chapter Services	Standards and Practices
Exhibits Advisory	Nominating	Student Advisory Council (SAC)
External Affairs	Professional Development Advisory Council (PDAC)	Student Involvement
		Technology Advisory Council (TAC)

In 2009, RIMS formed three new Standing Committees: the Standards and Practices Committee, Student Advisory Council and International Committee.

## Directors



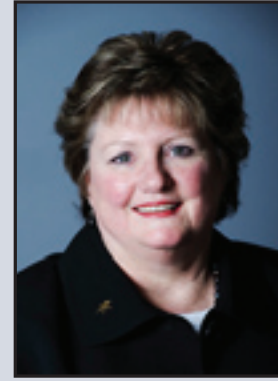
**Carolyn Snow, CPCU**  
*Director, Insurance Risk Management  
 Humana, Inc.*



**Daniel Kugler, ARM, CEBS,  
 CPCU, AIC, ACI**  
*Assistant Treasurer, Risk Management  
 Snap-on, Inc.*



**Frederick Savage, FCII, ARM**  
*Director, Risk Management (San Ramon)  
 Chevron Corporation*



**Janet Barnes, ARM**  
*Risk Manager  
 Snohomish County PUD No. 1*



**Julie Pemberton**  
*Manager, Enterprise Risk Management  
 Chiquita Brands International, Inc.*



**Michael Phillipus, ARM**  
*Director, Insurance and Risk Management  
 ATP Oil & Gas Corporation*



**Nowell Seaman, CIP, CRM**  
*Manager, Risk Management &  
 Insurance Services  
 University of Saskatchewan*



**Richard Roberts, ALCM,  
 ARM, CPCU, RF**  
*Corporate Risk Manager  
 Ensign-Bickford Industries, Inc.*



**Robert Cartwright, CRM**  
*Loss Prevention Manager  
 Bridgestone Americas Holding, Inc.*



**W. Michael McDonald, ARM**  
*Vice President, Enterprise Risk  
 Management  
 Quality Distribution, Inc.*



**Wayne Salen, ARM, CHCM, CPSM**  
*Director, Risk Management  
 Labor Finders International, Inc.*



**Joseph Restoule, CIP, CRM**  
*Leader, Risk Management  
 NOVA Chemicals Corporation*

## Ex Officio

# Members Adapt to Evolving Business Climate

In 2009, nearly 10,000 risk professionals reaped the benefits of RIMS membership, which include access to a global community of peers, top tier professional development and educational opportunities, and an extensive network of risk management resources and publications.

MEMBERSHIP

## RIMS expanded its offerings and optimized membership benefits in 2009 by:

- Initiating *Risk Insights*, a white paper series produced in collaboration with Ernst & Young and available only to RIMS members
- Enhancing the RIMS online Career Center by adding up-to-date articles, expanding the RIMS Job Bank, offering opportunities for members to post internship opportunities, allowing members to post their resumes, and forming the Student Resource Center
- Establishing the RIMS Student Mentoring Program
- Offering a Web Training Series (online training for members and chapter officers)
- Expanding business and industry publications, available through RIMStore at significant discounts for members
- Waiving dues for affiliates (deputies who are unemployed) and student members
- Waiving registration fees for affiliates at RIMS 2009 Annual Conference & Exhibition
- Launching RIMS Risk Management Professional Growth Model
- Revamping the RIMS Buyer's Guide

# Honoring Excellence

RIMS honored the commitment of its chapters and industry trailblazers at the RIMS 2009 Annual Conference & Exhibition. Below are the RIMS chapters and professionals who were recognized for their extraordinary contributions to the Society and the industry.



**Harry and Dorothy Goodell Award**  
 Carol Fox, ARM  
 Senior Director of Risk Management  
 Convergys Corporation

RIMS' most prestigious honor, the Harry and Dorothy Goodell Award pays tribute to an individual who has furthered the goals of the Society and the risk management discipline through outstanding service and achievement. The award is named in honor of RIMS' first president, Harry Goodell.



**Richard W. Bland Memorial Award**  
 Robert Cartwright, Jr., CRM  
 Loss Prevention Manager  
 Bridgestone Americas Holding, Inc.

Created by RIMS Greater Kansas City Chapter in 1974, this award recognizes outstanding performance by a deputy member who has impacted the risk management industry in the area of legislation or regulation.

**Ron Judd Heart of RIMS Award**

- |   |  |
|---|--|
| Marley Drainville, CRM<br>Risk Manager<br>Enerplus Resources Fund | Al Gorski<br>Risk Manager<br>Orange County<br>Transportation Authority |
|---|--|

Presented to RIMS members for outstanding performance in furthering risk management at the chapter level, this award recognizes the legacy of Ron Judd, who served as RIMS' Executive Director for 22 years.



**Cristy Award**  
 Lori Kahwache, ARM  
 Corporate Risk Manager  
 BlueLinx Corporation

This honor is bestowed upon the risk professional who earns the highest cumulative average on the three exams leading to the Associate of Risk Management (ARM) designation.

**Donald M. Stuart Award**

Janice McGraw, CRM, RF  
 Manager of Risk Management and Insurance  
 McGill University, Montreal

Created by RIMS Ontario Chapter in 1979, this award is granted annually to a Canadian risk professional who makes outstanding contributions to the industry. The award is RIMS' highest honor for risk management in Canada.

**RIMS Chapter Recognition Program Awards**

**Outstanding Chapter Programming Award**

- Central Florida Chapter
- Chesapeake Chapter
- Chicago Chapter
- Golden Gate Chapter
- Houston Chapter
- Los Angeles Chapter
- Minnesota Chapter
- Nevada Chapter
- Rocky Mountain Chapter
- South Texas Chapter
- San Diego Chapter



**Advancing the Risk Management Profession**

- Orange County Chapter
- San Diego Chapter

**Outstanding Members Services**

- Chesapeake Chapter
- Houston Chapter
- Minnesota Chapter
- Orange County Chapter
- Rocky Mountain Chapter
- San Diego Chapter



**Overall Chapter Excellence Award**

- San Diego Chapter

**Membership Growth Awards: Membership Star Award**

- British Columbia Chapter
- Broward County Chapter
- Chesapeake Chapter
- Fairfield/Westchester Chapter
- Golden Gate Chapter
- Newfoundland & Labrador Chapter
- Ontario Chapter
- San Diego Chapter
- Southern Alberta Chapter
- Upstate New York Chapter

**Membership Growth Awards: Membership Super Stars**

- Alaska Chapter
- Central Oklahoma Chapter
- Maritime Chapter
- Sacramento Valley Chapter
- Saskatchewan Chapter
- Southwest Florida Chapter
- Utah Chapter

## Taking Risk Education Online

### **More than 4,600 risk professionals took part in RIMS' online professional development offerings.**

In 2009, RIMS' professional development offerings expanded to provide members with a wide range of offerings and the best in industry insight. The Society developed two new online courses, "How to Conduct a High Quality Risk Assessment" and "Creating Value: Risk Manager as Innovator." The Society also introduced CourseCasts—interactive 90-minute online "mini-courses," which provide takeaways attendees can put into practice immediately. Q&A, polling, case studies and participant exercises are all incorporated into CourseCasts, which provide an interactive forum for acquiring knowledge.

The Society offered 49 workshops in 2009, with more than 600 risk practitioners in attendance. Additionally, the RIMS Fellow® designation grew to 109 designees and 224 enrollees.

RIMS has made ongoing efforts to make professional development opportunities more accessible by expanding heavily online, and participants showed their approval by coming out en masse for RIMS' webinars, CourseCasts and online courses. In 2009, there were more than 4,600 risk professionals who took part in these opportunities.



## Advocating for Change

On the state regulatory front, RIMS took a firm stand against the reinstatement of contingent commissions. For states that did allow insurance intermediaries to resume accepting contingent commissions, such as New York, RIMS made the case for the mandatory disclosure of such fees during an insurance transaction. **RIMS' position is that contingent fees for insurance producers represent an inherent conflict of interest and should be broadly prohibited.**

At the federal level, RIMS lobbied in favor of a federal insurance office and mandatory risk committees for certain publicly traded institutions. These provisions are wrapped up in the effort by Congress to modernize the federal financial regulatory system and are expected to be enacted in 2010.

RIMS also supported legislation that would amend and expand the Liability Risk Retention Act (LRRRA) to include commercial property insurance. This legislation, reintroduced by U.S. Rep. Dennis Moore (D-KS), marks the second consecutive Congress that Rep. Moore has led efforts to extend the LRRRA's reach to cover commercial property insurance to address potential capacity shortages.

## Challenge Your Risk I.Q.



CONFERENCES

In Orlando, the RIMS 2009 Annual Conference & Exhibition was host to more than 7,000 risk professionals who gathered to challenge their risk IQs. From April 19 through April 23, attendees took advantage of the exhibit hall offerings, dynamic networking events and keynote addresses by some of the business community's top minds.

Emerging risks and the impact of the current economic situation were two of the major topics the conference tackled, along with the latest enterprise risk management (ERM) tools and techniques, the top 10 litigation traps for risk professionals and insurance contract negotiation.

The conference featured keynote presentations from leadership consultant Dr. Dennis N.T. Perkins; Harvard Business School professor John Kotter; and FOX Business Network journalist Stuart Varney. Attendees also learned from an impressive educational lineup, which boasted more than 350 expert speakers who led 120+ sessions on a variety of critical risk management issues. Hot Topic sessions included:

- Navigating the Financial Tsunami
- Five Questions to Ask Before Switching Insurance Companies
- Insurance Coverage for Subprime Mortgage Lawsuits
- D&O Insurance During the Economic Crisis

RIMS 2009 Orlando also offered Strategic Partner Sessions from the nation's leading insurers and brokers covering topics that addressed the needs and concerns of the risk management and insurance community.

There were a number of networking opportunities available during the conference, including RIMS' third annual Community Service Day, Spencer Educational Foundation's annual golf and hockey tournament fundraisers, an internationally inspired Opening Reception at Walt Disney World's Epcot theme park and an Exhibit Hall wine and cheese reception.

The Exhibit Hall offered the latest in products and services for the risk management profession. For the first time, RIMS popular online ERM Center of Excellence set up shop in the Exhibit Hall and was staffed by risk managers, including members of RIMS' ERM Development Committee. RIMS also offered copies of its *Enterprise Risk Management for Dummies* guide and RIMS State of ERM Report 2008.

## Upgrading Member Relations

RIMS is currently involved in a multi-year project to replace its association management system (AMS) in order to meet the growing needs of its membership. AMS is the software that provides enterprise-level operations functions for the Society.

After interviewing a number of vendors, RIMS selected Avectra's netFORUM product and began implementation in late 2009. Phase one of the implementation is expected to be completed in August 2010 and, once complete, will represent an up-to-date AMS. After the transition RIMS will be better equipped to electronically manage its relationships with members, prospective members, industry partners and the general public.

# Risk Management Gets Digital

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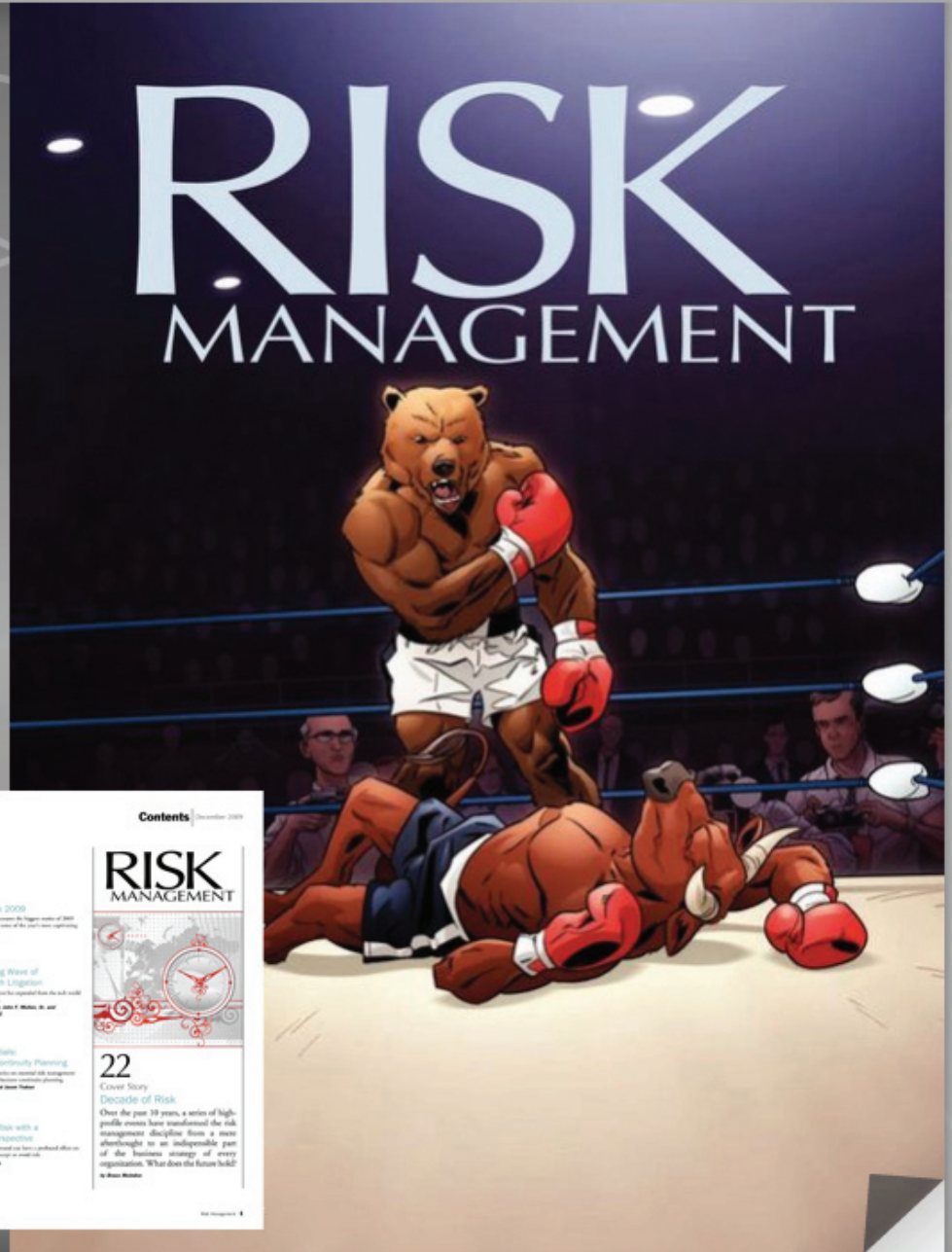


PUBLICATIONS

In 2009, *Risk Management* embarked upon an online expansion campaign. It launched its official blog, the *Risk Management Monitor*. It established the RiskCast, a podcast featuring discussion, insight and analysis on risk management topics. And it created a digital edition of the magazine that can now be read in full at [www.RMmagazine.com](http://www.RMmagazine.com).

*Risk Management* also established a major presence in social media throughout the year. Readers can now remain engaged with the magazine's industry-leading news, articles and commentary on Twitter, Facebook and LinkedIn. Through these social networks and digital channels, *Risk Management* has acquired many new readers and followers who were previously unaware that the publication even existed.

The frequency of the print edition of the magazine also changed to 10 issues per year in 2009. And through its double issues for January/February and July/August, the editorial excellence and popularity of the publication remained as strong as ever. *Risk Management magazine*, along with all its various news platforms, continues to grow.



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**RISK AND INSURANCE MANAGEMENT SOCIETY, INC.  
AND SUBSIDIARY**

Consolidated Audited Financial Statements  
(With Supplemental Information)

December 31, 2009 and 2008

350 Fifth Avenue, Suite 728  
New York, New York 10118  
Tel: (212) 268-2800 Fax: (212) 268-2805  
[www.schallandashenfarb.com](http://www.schallandashenfarb.com)

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**

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Consolidating Balance Sheet

Consolidating Statement of Revenues, Expenses and Change in Net Assets

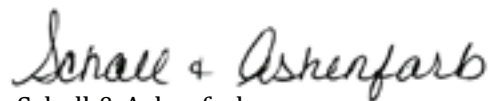
## REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of  
Risk and Insurance Management Society, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Risk and Insurance Management Society, Inc. and Subsidiary (the "Organization") as of December 31, 2009, and the related consolidated statements of revenues, expenses and change in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Organization as of December 31, 2008 were audited by other auditors whose report dated February 17, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Risk and Insurance Management Society, Inc. and Subsidiary as of December 31, 2009, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Schall & Ashenfarb  
Schall & Ashenfarb  
Certified Public Accountants, LLC

February 18, 2010

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET**  
**AT DECEMBER 31, 2009 AND 2008**

	<u>12/31/09</u>	<u>12/31/08</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Notes 1d and 1e)	\$525,677	\$1,184,451
Advertising receivables, less allowance for doubtful accounts of \$0 and \$1,712 (Note 1f)	150,566	122,204
Other receivables	37,910	14,863
Prepaid conference expenses	537,198	483,872
Other prepaid expenses and deposits	374,056	331,397
<b>Total current assets</b>	<u>1,625,407</u>	<u>2,136,787</u>
<b>Non-current assets:</b>		
Investments held for chapters	46,529	61,422
Investments, at fair value (Notes 1g and 2)	11,496,305	8,721,642
Property and equipment, net (Notes 1h and 3)	1,739,350	2,174,521
<b>Total non-current assets</b>	<u>13,282,184</u>	<u>10,957,585</u>
<b>Total assets</b>	<u><u>\$14,907,591</u></u>	<u><u>\$13,094,372</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$591,139	\$938,879
Deferred conference revenue (Note 1i)	3,033,086	2,849,832
Deferred dues revenue (Note 1i)	1,119,990	1,187,081
Other deferred revenue (Note 1i)	451,002	470,088
Grant payable	0	100,000
Deferred rent, current portion (Note 1j)	44,443	15,430
<b>Total current liabilities</b>	<u>5,239,660</u>	<u>5,561,310</u>
<b>Non-current liabilities:</b>		
Deferred rent, net of current portion (Note 1j)	787,076	831,518
Liability for chapter investments	46,529	61,422
<b>Total non-current liabilities</b>	<u>833,605</u>	<u>892,940</u>
<b>Total liabilities</b>	<u>6,073,265</u>	<u>6,454,250</u>
<b>Commitments and contingencies</b> (Note 6)		
<b>Net assets:</b> (Note 1k)		
Unrestricted	8,834,326	6,640,122
<b>Total net assets</b>	<u>8,834,326</u>	<u>6,640,122</u>
<b>Total liabilities and net assets</b>	<u><u>\$14,907,591</u></u>	<u><u>\$13,094,372</u></u>

*The attached notes and auditors' report are an integral part of these consolidated financial statements.*



**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	12/31/09	12/31/08*		
	Total Unrestricted	Unrestricted	Temporarily Restricted	Total
<b>Revenues, Gains and Other Support:</b>				
Conference	\$6,180,626	\$7,687,438		\$7,687,438
Membership dues	2,131,528	2,296,173		2,296,173
Advertising	885,260	1,040,313		1,040,313
Publications	891,185	1,001,837		1,001,837
Membership and chapter services	507,825	742,721		742,721
Professional development	594,368	684,913		684,913
Other revenue	311,456	285,443		285,443
Investment income (Note 2)	2,583,812	(4,379,530)		(4,379,530)
Loss on disposal of fixed assets	(18,662)	(6,692)		(6,692)
Net assets released from restrictions:				
Satisfaction of program restrictions	0	10,033	(\$10,033)	0
<b>Total revenues, gains and other support</b>	<b>14,067,398</b>	<b>9,362,649</b>	<b>(10,033)</b>	<b>9,352,616</b>
<b>Expenses (Note 7):</b>				
<b>Program services:</b>				
Conference	3,133,369	3,676,587		3,676,587
Publications	1,398,072	1,702,216		1,702,216
Marketing	869,108	1,035,915		1,035,915
Professional development	876,931	1,017,903		1,017,903
Membership and chapter services	589,133	718,997		718,997
Government affairs	486,966	450,929		450,929
<b>Total program services</b>	<b>7,353,579</b>	<b>8,602,547</b>	<b>0</b>	<b>8,602,547</b>
<b>Supporting services:</b>				
General and administration	4,097,583	3,843,801		3,843,801
Membership services	422,032	598,959		598,959
<b>Total supporting services</b>	<b>4,519,615</b>	<b>4,442,760</b>	<b>0</b>	<b>4,442,760</b>
<b>Total expenses</b>	<b>11,873,194</b>	<b>13,045,307</b>	<b>0</b>	<b>13,045,307</b>
<b>Change in net assets</b>	<b>2,194,204</b>	<b>(3,682,658)</b>	<b>(10,033)</b>	<b>(3,692,691)</b>
<b>Net assets - beginning of year</b>	<b>6,640,122</b>	<b>10,322,780</b>	<b>10,033</b>	<b>10,332,813</b>
<b>Net assets - end of year</b>	<b>\$8,834,326</b>	<b>\$6,640,122</b>	<b>\$0</b>	<b>\$6,640,122</b>

\*Reclassified for comparative purposes.

*The attached notes and auditors' report are an integral part of these consolidated financial statements.*

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	12/31/09	12/31/08
<b>Cash flows from operating activities:</b>		
Change in net assets	\$2,194,204	(\$3,692,691)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation and amortization	558,497	550,511
Loss on disposal of property and equipment	18,662	6,692
Net realized and unrealized (gains)/losses on investments	(2,288,306)	4,849,057
<b>(Increase)/decrease in assets:</b>		
Advertising receivables	(28,362)	(28,032)
Other receivables	(23,047)	4,460
Prepaid conference expenses	(53,326)	(127,802)
Other prepaid expense and deposits	(42,659)	(107,213)
<b>Increase/(decrease) in liabilities:</b>		
Accounts payable and accrued expenses	(347,740)	55,145
Deferred conference revenue	183,254	35,112
Deferred dues revenue	(67,091)	205,051
Other deferred revenue	(19,086)	64,413
Grant payable	(100,000)	(100,000)
Deferred rent	(15,429)	(15,430)
Total adjustments	(2,224,633)	5,391,964
<b>Net cash (used for)/provided by operating activities</b>	(30,429)	1,699,273
<b>Cash flows from investing activities:</b>		
Purchases of investments	(4,570,873)	(5,677,537)
Proceeds from sales of investments	4,084,516	5,580,202
Purchases of property and equipment	(141,988)	(705,694)
<b>Net cash used for investing activities</b>	(628,345)	(803,029)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(658,774)	896,244
<b>Cash and cash equivalents - beginning of year</b>	1,184,451	288,207
<b>Cash and cash equivalents - end of year</b>	\$525,677	\$1,184,451
Supplemental Information:		
Interest and taxes paid	\$0	\$0

*The attached notes and auditors' report are an integral part of these consolidated financial statements.*

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009 AND 2008**

**Note 1 - Summary of Significant Accounting Policies**

a. Organization

Risk and Insurance Management Society, Inc. ("RIMS") is a non-profit organization dedicated to advancing professional standards of risk management. RIMS is the world's largest association for risk management, representing more than 3,600 industrial, service, not-for-profit, charitable and governmental entities. RIMS serves 10,000 individuals responsible for the risk management function in 80 chapters across the United States, Canada and Japan.

Global Risk Management Institute, Inc. ("GRMI"), a related organization, was incorporated in 1999 to engage in activities that support and encourage the advancement of the study of subjects related to risk management and increase the qualifications of risk management professionals across businesses and industries. GRMI administers the RIMS Fellow (RF) ® and the Canadian Risk Management (CRM) ® designations.

b. Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting. As such, revenue is recognized when earned and expenses when incurred.

c. Consolidation Policy

The consolidated financial statements include the accounts of RIMS and GRMI (hereafter referred to as the "Organization"). All significant inter-organization transactions and balances have been eliminated in consolidation.

d. Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents include operating cash accounts, petty cash and highly liquid, short-term instruments with original maturities of three months or less, except money market funds held for long-term investment purposes.

e. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and investments held at financial institutions that management deems to be creditworthy. At times, the Organization's operating cash accounts exceeded the federally insured limit. The Organization has not experienced losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash and cash equivalents.

f. Advertising Receivables

Advertising receivables represent amounts due from clients for advertisements placed in The Risk Management Magazine as well as on the RIMS website, and are due under normal trade terms from these clients. Senior management reviews accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. Any balances that are determined to be uncollectible are included, together with a general

reserve, in the allowance for doubtful debts account. Any subsequent write-offs are written off against the allowance. Management believes that no allowance for doubtful accounts as of December 31, 2009 is required. However, actual write-offs might exceed the recorded allowance.

g. Investments

Investments consist of equity and debt mutual funds, fixed income securities, and money market funds held for long-term investment. Investments are carried at readily determinable fair value with realized and unrealized gains and losses included in the statement of revenues, expenses and change in net assets. Interest and dividend income are recorded as revenue when earned.

h. Property and Equipment

Property and equipment are recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Certain costs of internally developed software and website development are capitalized in accordance with Statement of Position 98-1 "*Accounting for the Cost of Computer Software Developed or Obtained for Internal Use*" and Emerging Issues Task Force 00-2 "*Accounting for Website Development Costs*". These costs are amortized over the estimated useful lives of the software and website which is estimated to be four years.

i. Deferred Revenue

Deferred revenue consists of member dues, magazine subscriptions, conference attendance and exhibit fees received in advance. Revenue related to member dues is recognized over the membership period. Revenue related to magazine subscriptions is recognized over the related subscription period. Revenue and related expenses applicable to the conference and exhibits are recognized in the financial period when the conference is held.

j. Deferred Rent

A deferred rent liability has been recorded to reflect the benefit of lease incentives included in the office space lease. The benefits of these incentives, including free rent and a tenant improvement allowance, will be recognized equally over the term of the lease.

k. Unrestricted Net Assets

Unrestricted net assets are funds that are currently available to support the Organization's daily operations.

l. Temporarily Restricted Net Assets

The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of revenues, expenses and change in net assets as net assets released from restrictions.

m. Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statement of revenues, expenses and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

n. Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of American requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

o. Tax Status

RIMS is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. RIMS is subject to tax on its net revenue from unrelated business income from mailing list rentals and advertising. RIMS has charitable contributions deduction carry forwards of approximately \$442,000 at December 31, 2009 and 2008, respectively. These contributions carry-forwards expire in 2022 if not utilized by then. RIMS Canada Council, formerly the Canadian Risk Management Council, a program of RIMS, is exempt from tax under Canadian tax laws.

GRMI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that GRMI is not a private foundation. GRMI is required to report unrelated business income to the Internal Revenue Service and the state of New York. GRMI earned no unrelated business income during the years ended December 31, 2009 and 2008.

p. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through February 18, the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date through our evaluation date that would require adjustment to or disclosure in the financial statements.

**Note 2 - Investments**

FASB Accounting Standards Codification (ASC) 820 (formerly SFAS No. 157) establishes a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that RIMS has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of investments held is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u> <u>12/31/09</u>	<u>Total</u> <u>12/31/08</u>
Stocks (including mutual funds)	\$7,702,647	\$0	\$7,702,647	\$6,018,601
Bonds (including mutual funds)	3,265,902	192,985	3,458,887	2,307,333
Certificates of deposit	143,202	0	143,202	389,913
Money market funds	<u>191,569</u>	<u>0</u>	<u>191,569</u>	<u>5,795</u>
	<u>\$11,303,320</u>	<u>\$192,985</u>	<u>\$11,496,305</u>	<u>\$8,721,642</u>

The Level 2 investments represent the Canadian strip bonds and discount bonds held at CIBC by the RIMS Canada Council. RIMS was unable to obtain independent verification of the market value of these bonds.

Included in the certificates of deposit is collateral of \$143,202 and \$138,355 at December 31, 2009 and 2008, respectively, given against a letter of credit. The letter of credit was obtained to serve as a deposit for the Organization's lease (see Note 6).

Investment income consisted of the following:

	<u>12/31/09</u>	<u>12/31/08</u>
Interest and dividends	\$316,629	\$502,234
Net realized and unrealized gains/(losses) on investments	2,288,306	(4,849,057)
Less: investment management fees	<u>(21,123)</u>	<u>(32,707)</u>
Total	<u>\$2,583,812</u>	<u>(\$4,379,530)</u>

### **Note 3 - Property and Equipment**

Property and equipment consists of the following:

	<u>12/31/09</u>	<u>12/31/08</u>
Leasehold improvements	\$1,343,280	\$1,343,280
Computer software	863,354	1,017,054
Furniture and office equipment	630,313	630,313
Computer hardware	<u>550,298</u>	<u>508,983</u>
	3,387,245	3,499,630
Less: accumulated depreciation and amortization	<u>(1,647,895)</u>	<u>(1,325,109)</u>
Net property and equipment	<u>\$1,739,350</u>	<u>\$2,174,521</u>

Depreciation and amortization expense was \$558,497 and \$550,511 in 2009 and 2008, respectively.

**Note 4 - Related Party Transactions**

RIMS provides office space and administrative services to its New York Chapter, and Spencer Educational Foundation, Inc. (the "Foundation"), an affiliated organization, for which it receives administrative fees. The fees from its New York Chapter amounted to \$35,700 and \$34,600 in 2009 and 2008, respectively. The fees from the Foundation amounted to \$133,290 and \$126,790 in 2009 and 2008, respectively. The fees are included in other revenue on the consolidated statement of revenues, expenses and change in net assets.

During 2007, RIMS pledged \$300,000 to the Foundation to support its operations. The final payment of that pledge was made during 2009 and as of December 31, 2009 and 2008, the total grant payable to the Foundation was \$0 and \$100,000, respectively.

**Note 5 - Pension Plan**

RIMS has a defined contribution 401(k) profit sharing plan (the "Plan") that covers all employees who have attained the age of 21 and have completed at least three months of service. RIMS matches half of the participant's contributions to the Plan, up to 2% of the individual participant's compensation. In addition, during 2009 and 2008, RIMS elected to make a safe-harbor contribution of 4% of staff's salary each payroll period, and may make a discretionary profit sharing contribution to the Plan at the end of each plan year. Expenses for this plan amounted to \$253,009 and \$308,852 for the year ended December 31, 2009 and 2008, respectively.

**Note 6 - Commitments and Contingencies**

RIMS has entered into several leases for office space and office equipment under noncancellable operating lease agreements expiring in various years through 2019.

In September 2004, RIMS entered into an operating lease for office space commencing March 1, 2005 and expiring 13 years and 10 months later. The lease contains a four month rent abatement period and escalation clauses whereby the base rent increases at the beginning of year six and at the beginning of year eleven. In addition, the landlord made concessions to reimburse RIMS for leasehold improvements.

Future minimum rental payments on the office lease, by year through expiration, are as follows:

December 31, 2010	\$576,120
2011	605,133
2012	605,133
2013	605,133
2014	605,133
Thereafter	<u>2,398,431</u>
Total	<u>\$5,395,083</u>

Rent expense for office space, including escalation and maintenance charges, was \$574,163 and \$538,354 for the years ended December 31, 2009 and 2008, respectively. Equipment lease expense was \$119,541 and \$114,167 for the years ended December 31, 2009 and 2008, respectively.

#### *Commitments for Conference Facilities*

RIMS has entered into various contracts for future conferences and events. Due to the nature of these contracts it is impractical to estimate the total commitment.

### **Note 7 - Description of Programs and Supporting Services**

#### *Conference*

This department is responsible for the planning and production of RIMS meetings, events and RIMS Annual Conference & Exhibition, which is the definitive event for risk professionals, attracting approximately 10,000 risk professionals (members, non-members and exhibitors) worldwide. This prestigious event offers its attendees the widest range of educational programs, networking opportunities and communication of significant happenings that impact risk management.

#### *Publications*

RIMS flagship publication is produced monthly with in depth coverage of articles of interest to the risk management professionals responsible for risk and insurance management in business and industrial firms, public administration/government, insurance companies, agents and brokers, business services and others allied to the field. With its strong editorial content and ability to dissect the world of risk, *Risk Management* magazine is a source of pertinent information for business.

#### *Marketing and Communications*

RIMS uses a centralized approach to its marketing and communications and has unified this service for all its products and events under one umbrella division. This methodology enables RIMS to maximize its impact and budgets by cross marketing its strategic objectives in all its communications efforts. Communications vehicles include web based and print as well as media relations. RIMS media relations section acts as a resource to major dailies, trade publications and general media. Through press release and interviews, RIMS media relations supports RIMS positions on key issues to risk managers and the public. Using this approach, the department fulfills its mandate to expand awareness of risk management to a broad audience.

#### *Professional Development*

This department implements educational programs through courses, workshops, webinars, coursecasts, and in-company training. Online courses are also offered through partnerships with vendors. It also administers the programs for the RIMS Fellow (RF) ® designation, the RIMS Anita Benedetti Student Involvement Program, and the Canadian Risk Management (CRM) ® designation.



### *Membership and Chapter Services*

The member area includes all member marketing, recruiting and retention expenses such as membership packets, benefit brochures and the RIMS booth used during the Annual Conference & Exhibition. The department also reviews and monitors program goals for member recruitment and retention.

The chapter services group provides support and administrative services to RIMS' 80 chapters, including leadership information, support of web sites, development of resource materials, and provision of both traditional face-to-face and online training of chapter officers.

### *Government Affairs*

Government Affairs focuses on U.S. federal, state and Canadian federal and provincial legislative and regulatory issues that impact the risk management community. In addition, the department prepares witnesses and drafts testimony for members appearing before all governmental and non-governmental bodies. It maintains a standing External Affairs Committee that is responsible for crafting RIMS position statements, composing letters to members of Congress, and establishing RIMS legislative priorities each. Furthermore, it conducts lobbying at all levels of government through an assortment of strategies including the annual lobbying event, RIMS on the Hill legislative conference, which brings approximately 50 risk managers to Washington, D.C. to further the agenda of the risk management community. The Government Affairs department maintains constant contact with its members throughout North America regarding all legislative developments via the RIMS website, newsletters and e-mail alerts.

### *General Administration*

This includes the office of the Executive Director, Finance and Administration, Governance, Board of Directors and other support functions. The majority of expenses relate to salaries, rent, computer systems, records management and other support functions.

### *Member Services*

This includes all member marketing, recruiting and retention expenses including membership packets, benefits brochures and the RIMS booth used during the Annual Conference & Exhibition.

The department also reviews and monitors program goals for member recruitment and retention.

## **Note 8 - RIMS Canada Council**

RIMS Canada Council is a program of RIMS established under Canadian law. RIMS Canada supports, promotes and coordinates risk management in Canada by means of standing committees. RIMS Canada Council also coordinates the annual RIMS Canada Conference, hosted by one of the 10 local Canadian chapters.

Assets and liabilities of RIMS Canada Council are as follows:

	<u>12/31/09</u>	<u>12/31/08</u>
Cash and cash equivalents	\$97,198	\$31,134
Prepaid conference expenses	119,347	72,820
Investments	<u>417,199</u>	<u>406,999</u>
Net assets	<u>\$633,744</u>	<u>\$510,953</u>

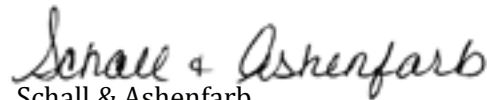
Revenues and expenses of RIMS Canada Council are as follows:

	<u>12/31/09</u>	<u>12/31/08</u>
Other revenue	\$166,945	\$258,880
Interest and investment income	39,051	(173,871)
Foreign exchange transaction gain	61,316	9,414
Expenses	<u>(149,512)</u>	<u>(154,868)</u>
Change in net assets	<u>\$117,800</u>	<u>(\$60,445)</u>

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors of  
Risk and Insurance Management Society, Inc.

Our report on our audit of the consolidated financial statements of the Risk and Insurance Management Society, Inc. and Subsidiary ("the Organization") for the year ended December 31, 2009 appears on page 1. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidated financial statements of the Organization for the year ended December 31, 2008 were audited by other auditors, whose report dated February 14, 2009, expressed an unqualified opinion on those statements. The consolidating schedules on pages 14-15 are presented for the purpose of additional analysis of the consolidated financial statements rather than to represent the financial position and change in net assets of the individual entities. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

February 18, 2010

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATING BALANCE SHEET**  
**AT DECEMBER 31, 2009 AND 2008**

	12/31/09			12/31/08		
	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$485,983	\$39,694	\$525,677	\$1,113,572	\$70,879	\$1,184,451
Advertising receivables, less allowance for doubtful accounts of \$0 and \$1,712	150,566		150,566	122,204		122,204
Other receivables	37,910		37,910	14,863		14,863
Prepaid conference expenses	537,198		537,198	483,872		483,872
Other prepaid expenses and deposits	374,056		374,056	331,397		331,397
<b>Total current assets</b>	<b>1,585,713</b>	<b>39,694</b>	<b>1,625,407</b>	<b>2,065,908</b>	<b>70,879</b>	<b>2,136,787</b>
<b>Non-current assets:</b>						
Investments held for chapters	46,529		46,529	61,422		61,422
Investments, at fair value	11,056,493	439,812	11,496,305	8,486,341	235,301	8,721,642
Property and equipment, net	1,739,350		1,739,350	2,174,521		2,174,521
<b>Total non-current assets</b>	<b>12,842,372</b>	<b>439,812</b>	<b>13,282,184</b>	<b>10,722,284</b>	<b>235,301</b>	<b>10,957,585</b>
<b>Total assets</b>	<b>\$14,428,085</b>	<b>\$479,506</b>	<b>\$14,907,591</b>	<b>\$12,788,192</b>	<b>\$306,180</b>	<b>\$13,094,372</b>
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued expenses	\$591,139		\$591,139	\$938,620	\$259	\$938,879
Deferred conference revenue	3,033,086		3,033,086	2,849,832		2,849,832
Deferred dues revenue	1,119,990		1,119,990	1,187,081		1,187,081
Other deferred revenue	451,002		451,002	470,088		470,088
Grant payable			0	100,000		100,000
Deferred rent, current portion	44,443		44,443	15,430		15,430
<b>Total current liabilities</b>	<b>5,239,660</b>	<b>0</b>	<b>5,239,660</b>	<b>5,561,051</b>	<b>259</b>	<b>5,561,310</b>
<b>Non-current liabilities:</b>						
Deferred rent, net of current portion	787,076		787,076	831,518		831,518
Liability for chapter investments	46,529		46,529	61,422		61,422
<b>Total non-current liabilities</b>	<b>833,605</b>	<b>0</b>	<b>833,605</b>	<b>892,940</b>	<b>0</b>	<b>892,940</b>
<b>Total liabilities</b>	<b>6,073,265</b>	<b>0</b>	<b>6,073,265</b>	<b>6,453,991</b>	<b>259</b>	<b>6,454,250</b>
<b>Net assets:</b>						
Unrestricted	8,354,820	479,506	8,834,326	6,334,201	305,921	6,640,122
<b>Total net assets</b>	<b>8,354,820</b>	<b>479,506</b>	<b>8,834,326</b>	<b>6,334,201</b>	<b>305,921</b>	<b>6,640,122</b>
<b>Total liabilities and net assets</b>	<b>\$14,428,085</b>	<b>\$479,506</b>	<b>\$14,907,591</b>	<b>\$12,788,192</b>	<b>\$306,180</b>	<b>\$13,094,372</b>

*The attached notes and auditors' report are an integral part of these consolidated financial statements.*

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	12/31/09			12/31/08*		
	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated
<b>Revenues, Gains and Other Support:</b>						
Conference	\$6,180,626		\$6,180,626	\$7,687,438		\$7,687,438
Membership dues	2,131,528		2,131,528	2,296,173		2,296,173
Advertising	885,260		885,260	1,040,313		1,040,313
Publications	891,185		891,185	1,001,837		1,001,837
Membership and chapter services	507,825		507,825	742,721		742,721
Professional development	594,368		594,368	684,913		684,913
Other revenue	206,756	\$104,700	311,456	188,993	\$96,450	285,443
Investment income	2,496,648	87,164	2,583,812	(4,259,425)	(120,105)	(4,379,530)
Loss on disposal of fixed assets	(18,662)		(18,662)	(6,692)		(6,692)
Net assets released from restrictions:						
Satisfaction of program restrictions			0		10,033	10,033
<b>Total revenues, gains and other support</b>	<u>13,875,534</u>	<u>191,864</u>	<u>14,067,398</u>	<u>9,376,271</u>	<u>(13,622)</u>	<u>9,362,649</u>
<b>Expenses:</b>						
<b>Program services:</b>						
Conference	3,133,369		3,133,369	3,676,587		3,676,587
Publications	1,398,072		1,398,072	1,702,216		1,702,216
Marketing	869,108		869,108	1,035,915		1,035,915
Professional development	864,381	12,550	876,931	992,814	25,089	1,017,903
Membership and chapter services	589,133		589,133	718,997		718,997
Government affairs	486,966		486,966	450,929		450,929
<b>Total program services</b>	<u>7,341,029</u>	<u>12,550</u>	<u>7,353,579</u>	<u>8,577,458</u>	<u>25,089</u>	<u>8,602,547</u>
<b>Supporting services:</b>						
General and administration	4,091,854	5,729	4,097,583	3,840,067	3,734	3,843,801
Membership services	422,032		422,032	598,959		598,959
<b>Total supporting services</b>	<u>4,513,886</u>	<u>5,729</u>	<u>4,519,615</u>	<u>4,439,026</u>	<u>3,734</u>	<u>4,442,760</u>
<b>Total expenses</b>	<u>11,854,915</u>	<u>18,279</u>	<u>11,873,194</u>	<u>13,016,484</u>	<u>28,823</u>	<u>13,045,307</u>
<b>Change in unrestricted net assets</b>	2,020,619	173,585	2,194,204	(3,640,213)	(42,445)	(3,682,658)
<b>Change in temporarily restricted net assets:</b>						
Net assets released from restrictions:						
Satisfaction of program restrictions					(10,033)	(10,033)
<b>Total change in temporarily restricted net assets</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,033)</u>	<u>(10,033)</u>
<b>Change in net assets</b>	2,020,619	173,585	2,194,204	(3,640,213)	(52,478)	(3,692,691)
<b>Net assets - beginning of year</b>	<u>6,334,201</u>	<u>305,921</u>	<u>6,640,122</u>	<u>9,974,414</u>	<u>358,399</u>	<u>10,332,813</u>
<b>Net assets - end of year</b>	<u>\$8,354,820</u>	<u>\$479,506</u>	<u>\$8,834,326</u>	<u>\$6,334,201</u>	<u>\$305,921</u>	<u>\$6,640,122</u>

\*Reclassified for comparative purposes.

*The attached notes and auditors' report are an integral part of these consolidated financial statements.*



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[www.RIMS.org](http://www.RIMS.org)