



RIMS ANNUAL REPORT 2013





TABLE OF CONTENTS

2	Letter from Leadership
3	RIMS Board of Directors
4	About RIMS
4	RIMS Committees & Councils
4	Vision, Mission & Goals
5	Membership
6	Awards & Honors
7	Professional Development
8	Government Affairs
9	Meetings & Events
10	Technology
11	Publications
12	Strategic and Enterprise Risk
13	Treasurer's Report
14	Financials



LETTER FROM RIMS LEADERSHIP

Numerous events in 2013 were stark reminders of the importance of our work, and emphasize organizations' re-energized focus on developing strong risk management programs. Bombings at the Boston Marathon, the terrorist attack in a Kenyan Mall, massive explosions at a Texas fertilizer plant, the flooding disaster in Alberta and Colorado and the epic data breach that devastated superstore Target were certainly catastrophes but also opportunities to elevate risk management and our roles as we bring value to our organizations.

RIMS' and industry surveys continue to show that organizations around the world have acknowledged the importance of risk management and are investing in this core business function. As further emphasis is placed on risk management capabilities, our members will require the resources, knowledge and networks to take their programs to the next level.

In 2013, RIMS proudly delivered innovative new resources, conferences, professional development opportunities and other invaluable insights to help our risk practicing members reach and exceed their goals.

The biggest change to the Society was its global expansion with the formation of its 81st and 82nd Chapters: RIMS Australasia Chapter headquartered in Melbourne and RIMS Peru Chapter in Lima. Later in the year, the Society held its first RIMS Risk Forum in Melbourne, a one-day event that attracted nearly 200 risk professionals from the region.

Enterprise and strategic risk management initiatives continue to be important to our members. Attendance at the third annual RIMS ERM Conference exceeded all previous years. RIMS also produced new resources and executive reports in 2013 that included: The ERM Starter Kit; Root Cause: More than Just Cleaning Up the Mess; RIMS|Marsh Excellence in Risk Management 10 Survey; Risk Reports and Perceptions: A Miami University Research Report; and Understanding Reputational Risk.

In 2013, RIMS professional development offerings expanded to provide members with flexibility and the best in industry insight. Overall, RIMS served more than 3,500 attendees with webinar offerings and almost 300 at our in-person workshops. The Society developed several new, unique webinar and conference streaming offerings – such as CourseCasts and a Massive Open Online Course (MOOC) – to meet the changing attitudes and demands for learning.

It was a pivotal year for RIMS advocacy efforts. With the expiration of TRIA looming, the 2013 External Affairs Committee worked diligently to deliver webinars, testimony, official comment letters, in addition to publishing “The Terrorism Risk Insurance Act: The Commercial Consumer’s Perspective” executive report to educate members about the implications of its expiration.

Now, with almost 12,000 members in over 60 countries, who hold a wide-range of executive titles within their organizations, our vast network of global professionals remains our strongest and most valuable asset. And, to ensure each of these constituents' needs are met, RIMS established its Client Services Team, a group of RIMS employees dedicated to providing solutions to any and all queries that come their way.

The diversity of RIMS' membership continues support the idea that risk management is not and should not be an isolated function. But, by promoting a collaborative risk management effort, organizations will be well-positioned to achieve its strategic objectives and leverage any opportunity that comes its way. In the years ahead, RIMS will continue to provide thought-leading resources and content to help today's risk practitioners promote the value of their work and deliver exceptional results for their organizations' success.

Sincerely,

Carolyn Snow
RIMS 2014 President

Mary Roth
RIMS Executive Director



RIMS 2013 BOARD OF DIRECTORS



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As the preeminent organization dedicated to advancing the practice of risk management, RIMS, the risk management society™, is a global not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities throughout the world. Founded in 1950, RIMS is dedicated to advancing risk management for organizational success, bringing networking, professional development and education opportunities to its membership of approximately 11,000 risk professionals who are located in more than 60 countries.

ABOUT RIMS

VISION, MISSION AND GOALS

VISION

RIMS will be the global leader in all aspects of risk management.

MISSION

To advance risk management for your organization's success.

GOALS

- To increase the size and scope of the Society's membership base of risk practitioners.
- To strengthen the Society's chapter structure.
- To develop and deliver risk management thought leadership, tools and resources.
- To increase the Society's influence, advocacy and global profile.
- To maintain an engaged staff and volunteer leadership, and progressive technologies and operations.

RIMS 2013 STANDING COMMITTEES & COUNCILS:

- Audit
- Annual Conference Programming
- ERM
- Exhibits Advisory
- External Affairs
- Finance
- International
- Member & Chapter Services
- Nominating
- RIMS Canada Council
- Strategic Risk Management Development Council (SRMDC)
- Standards and Practices
- Student Advisory Council (SAC)





MEMBERSHIP

RIMS membership continues to climb and now includes almost 12,000 individual members. RIMS continues to see modest, consistent growth among its dues-paying membership groups and significant growth within the Student Membership category. Organizational membership also grew year-over-year, while risk manager membership and service provider membership mirrored last year's numbers.

ENGAGING THE MEMBERSHIP

2013 included Board approval of Bylaw amendments enabling greater levels of volunteer participation by Retired and Associate Members at the chapter level. RIMS also expanded the Rising Risk Professionals (RRP) program to target programs and services to encompass a broader group of members.

Members report the highest level of satisfaction with the following RIMS products, services and activities:

- *Risk Management* magazine
- RIMS research and publications (i.e., Benchmark Survey, white papers, etc.)
- RIMS Annual Conference and Exhibition
- RiskWire (news consolidation service)
- Local chapter meetings and events
- Risk Knowledge (online resource library)

COMPENSATION SURVEY

RIMS issued the 2013 Compensation Survey in April, providing detailed compensation analysis by industry, location and level of position for virtually all risk professional positions. When compared to RIMS 2008 Compensation Survey, key findings include:

- Average base salary for CROs in the United States has increased 7%;
- Average base salary for Claims Analyst in the United States – the lowest paid risk management position – increased 19%;
- Average base salary for CROs in Canada have increased 19%.

The survey is released every other year by RIMS and, in 2013, comprised data submitted from 2,246 risk management professionals working in over 1,500 organizations in the United States and more than 200 in Canada.

NEW CHAPTERS

In April, during RIMS 2013 Annual Conference & Exhibition in Los Angeles, RIMS announced the formation of its 81st and 82nd Chapters: RIMS Australasia Chapter headquartered in Melbourne and RIMS Peru Chapter in Lima. The Society continues to explore ways to expand its global footprint and has taken the first-step by establishing a fulltime staff position focused on international initiatives.





AWARDS & HONORS

RIMS honors the commitment of its chapters and the risk profession's trailblazers at its Annual Conference & Exhibition. Below are the professionals and RIMS chapters that were recognized for their extraordinary contributions to the Society and risk management.



Harry and Dorothy Goodell Award

HARRY AND DOROTHY GOODELL AWARD

Daniel W. Houston
Executive Director, Enterprise Risk Management and Learning
The McCart Group

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.



Ron Judd Heart of RIMS Award

RON JUDD HEART OF RIMS AWARD

Scott B. Clark
Risk & Benefits Officer
Miami-Dade County Public Schools

Karin McDonald
Director of Risk & Insurance
Hydro One Networks Inc.

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



Ron Judd Heart of RIMS Award

CRISTY AWARD

Ed C Mitchell
Director of Risk Management
Metropolitan Stevedore Company

Presented to the risk professional who earns the highest cumulative average on the three exams leading to the Associate of Risk Management (ARM) designation.

RICHARD W. BLAND MEMORIAL AWARD

Janet Kerr
Vice President of Risk Management
Boston Properties, Inc.

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



Cristy Award

DONALD M. STUART AWARD

Janet G.M. Stein
Director, Risk Management & Insurance
University of Calgary

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



Risk Management Hall of Fame 2013

RISK MANAGEMENT HALL OF FAME 2013 INDUCTEES

David C. Sterling
Robert S. Spencer

Co-founded by RIMS and AIG, the Risk Management Hall of Fame has been established to maintain the history and tradition of the field of risk management, and serves as a means to recognize and honor those professionals who have made significant contributions to advancing the discipline.





RIMS CHAPTER AWARDS PROGRAM

The Chapter Awards Program (CAP) includes three awards: Chapter Achievement Awards, Chapter Excellence Awards and Membership Growth Awards. This program acknowledges the work and dedication of RIMS Chapters by recognizing chapters not only for overall excellence, but also for outstanding achievement in a particular category. These awards, recognizing achievement during 2012, were bestowed in 2013.

CHAPTER ACHIEVEMENT

RIMS Chesapeake Chapter in the Membership & Recruitment category;
RIMS Dallas Fort Worth Chapter in the Special Chapter Events category;
RIMS Golden Gate Chapter in the Chapter Planning category;
RIMS Greater Kansas City Chapter in the Student Involvement category;
RIMS Ontario Chapter in the Newsletters category;
RIMS Oregon Chapter in the Chapter Planning category;
RIMS Rocky Mountain Chapter in the Regional Conference category;
RIMS San Diego Chapter in the Newsletters category;
RIMS Silicon Valley Chapter in the Charity category.

MEMBERSHIP GROWTH AWARD

Awarded to chapters that achieve a membership growth rate of 6% or higher. Chapters with 6-8.9% growth are awarded the Membership Star Award and Chapters with 9% or higher growth are awarded the membership SuperStar Award.

MEMBERSHIP SUPERSTAR AWARD

RIMS Carolinas Chapter (Charlotte, NC)
RIMS Central Florida Chapter (Orlando)
RIMS Central Penn Chapter (Pittsburgh)
RIMS Chesapeake Chapter (Baltimore)
RIMS Delaware Valley Chapter (Philadelphia)
RIMS Eastern Oklahoma Chapter (Tulsa)
RIMS Fairfield/Westchester Chapter (Greenwich, CT)
RIMS Long Island Chapter
RIMS Los Angeles Chapter
RIMS Northern Alberta Chapter (Edmonton)
RIMS Ozark Area Chapter (Springfield, MO)
RIMS Palmetto Chapter (Columbia, SC)
RIMS Piedmont Chapter (Raleigh/Durham, NC)
RIMS Rocky Mountain Chapter (Denver)
RIMS Saskatchewan Chapter (Saskatoon/Regina)

MEMBERSHIP STAR AWARD

RIMS Central Ohio Chapter (Columbus)
RIMS Golden Gate Chapter (San Francisco)
RIMS Newfoundland/Labrador Chapter (St. John's)
RIMS Québec Chapter (Montreal)
RIMS Southern Alberta Chapter (Calgary)





PROFESSIONAL DEVELOPMENT

In 2013, RIMS professional development offerings expanded to provide members with flexibility and the best in industry insight. The Society developed several new, unique webinar and conference streaming offerings to meet the changing attitudes and demands of professional development and education.

RIMS conducted 13 webinars, which was highlighted by June's SRM program that had over 400 attendees. The Professional Development department collaborated with several committees to offer expert insight advice on a variety of topics, such as the importance of TRIA to commercial consumers, supply chain issues and multinational pooling of employee benefits. RIMS collaborated with the IIA and RIMS ERM Committee to produce a webinar based on findings from the joint executive report: *Risk Management and Internal Audit: Forging a Collaborative Alliance* that served 318 attendees. Overall, RIMS served 3,530 attendees with webinar offerings; 2,908 were members, whereas 550 were non-members.

2013 was a unique year in that the Society broadcasted two live-streamed sessions from the RIMS 2013 ERM conference in San Francisco. These sessions were titled, *Conditioning for Disruption* and *Managing Reputational Risk: Mission Impossible*. RIMS had 202 viewers and noticed an active interest by non-member registrations (104). These conference streams will be available through 2014 and serve as a model for future projects.

RIMS announced its association with the Strategic Decision Group (SDG) and Dr. Carl Spetzler in offering a Massive Open Online Course (MOOC) that began in Fall 2013. This was a five-week introductory course titled "Introduction to Decision Quality." This course encouraged attendees to work in teams to learn the Decision Quality approach, which draws from the disciplines of business, engineering, psychology, organizational behavior and decision science. From an email marketing communication to members, 300 registered for this course.

The Society ran 25 of the 42 in-person workshops offered with an average of 11 participants per program (204 members and 57 non-members). RIMS also successfully offered eight Enterprise-Wide Risk Management workshops, which prepared 102 attendees for the ARM-E and CRM-E exams (63 members and 39 non-members). The six in-company workshops attracted 188 participants and the three chapter sponsored workshops benefited 46 RIMS members. Overall, the feedback on attendee surveys was positive and attendees valued the interactive, networking environment our workshops provide. One attendee noted, "Conversations with the instructor and classmates was highly beneficial to understanding and viewing practical examples."

Overall, 2013 was an innovative year for education at RIMS. There was a great emphasis on catering our programs to meet the increased work-loads and time constraints of risk professionals around the world.



GOVERNMENT AFFAIRS



RIMS top legislative priority for 2013 was a long term extension of the Terrorism Risk Insurance Act (TRIA) beyond its current expiration date of December 31, 2014. These efforts included publication of an executive report titled, “The Terrorism Risk Insurance Act: The Commercial Consumer’s Perspective;” a summer webinar on the subject; a face-to-face meeting with the Federal Insurance Office on the issue; written testimony to the New York City Council; as well as filing comments with the President’s Working Group on TRIA.

Other federal legislative and regulatory initiatives included the following: comments to the Federal Insurance Office for their study of the national catastrophe market; comments to the Centers for Medicare and Medicaid Services relating to implementation of the SMART Act; and comments to the Senate Finance Committee expressing continued opposition to the reinsurance tax, or “Neal Bill.” RIMS also took positions of support on legislation creating the National Association of Registered Agents and Brokers, and The Claim Act, which would allow for greater uniformity and reciprocity among states that license insurance claims adjusters.

At the state level, legislative events were held in the states of California, Texas, and Florida.

In 2013, RISK PAC raised over \$10,000 from RIMS members and like-minded political action committees. The PAC Trustees authorized contributions to the re-election campaigns of several key House and Senate policymakers, including Reps. Randy Neugebauer, Jeb Hensarling, and Michael Capuano; and Sens. Charles Schumer and Mike Crapo.

RIMS Standards and Practices Committee continued work on a comprehensive claims best practices white paper that is expected to be complete in 2014. RIMS also joined a U.S. Technical Advisory Group that is working on an international occupational health and safety management standard.





MEETINGS AND EVENTS



GROWING OUR PORTFOLIO & GLOBAL EXPOSURE

RIMS hosted more than 9,000 risk professionals during its 51st Annual Conference & Exhibition in Los Angeles, April 21-24, 2013. The conference – the world’s premier educational and networking event for risk professionals – marked its first return to L.A. since 1983.

RIMS ‘13 offered attendees from more than 60 countries the opportunity to take advantage of more than 100 education sessions and two keynote addresses, to gain strategic insight and practical application to further their organization’s risk programs and advance their careers. With nearly 400 exhibiting companies, the exhibit hall offered attendees new solutions and partners. The RIMS 2013 Annual Conference & Exhibition also offered new innovations: a redesigned RIMS Hub (formerly RIMS booth) with social media training, a new Thought Leader Theater with 25 minute TED –style presentations, and a schedule transformation that reduced the conference length by a day and instituted new “Power Hours,” 60 minute sessions.

Launched in 1963, RIMS Annual Conference & Exhibition attracts nearly 10,000 risk and insurance professionals each year at all experience levels, business executives with risk management interests, brokers, insurers and service providers for the ultimate educational and networking experience. The four-day event offers keynote presentations, special events and an expansive exhibit hall.

RIMS 2013 ERM Conference was held in October in San Francisco and attracted more than 300 risk professionals and more than 20 exhibitors. The conference, in its third year, continues to grow and offers a deep dive into the world of Enterprise Risk Management. The three-day conference explored best practices for implementing and sustaining enterprise-wide risk management programs, as well as strategies for risk professionals to demonstrate the value of enhanced risk management capabilities to senior-level decision-makers. Award-winning speaker and renowned Wall Street executive Alan Parisse shared his unique perspectives on how innovation and future thinking drive results for individuals and organizations.

The Society held its first RIMS Risk Forum-Australasia in Melbourne on December 5, 2013. The one-day event attracted more than 120 risk professionals from the region. RIMS President John Phelps’ keynote address titled, “Managing Risk Through Strategy Planning & Execution” explored the inherent value of integrating a more disciplined approach to understanding the threats and opportunities associated with long term, enterprise level risk into the strategy process.





TECHNOLOGY

While companies enjoy the convenience and efficiency of new technologies, these same tools open the door to predators and can leave our organizations more susceptible to cyber-attacks.

In 2013, RIMS placed a concerted effort on upgrading its technologies to ensure that the information the Society houses is protected while also meeting RIMS's strategic goal of integrating progressive technologies and operations to ensure that we provide the best resources for our staff and our members.

DATA/INFORMATION

With 11,000 members sharing information from their desktops around the world, RIMS made significant changes to the way information is stored and shared. Initiatives to ensure that information is secure while making data easily accessible included the upgrade of the Society's virtual ESXi server environment from 4 – 5.1 and the installation of a new EMC 40TB SAN.

FOR MEMBERS

In 2011, RIMS implemented a new AMS Avectra netFORUM Enterprise SaaS solution. In 2013, the Society upgraded that Avectra resource to the latest 2011 version that offers new features for tracking and managing member information. RIMS also successfully implemented the HTTPS secure checkout in RIMStore eWeb. The HTTPS checkout ensures that all transactions processed are over a more secure transmission. And, in preparation for the launch of RIMS new website (scheduled for 2014), RIMS completed the development and testing SharePoint site setup – a critical step to ensuring that RIMS website is operational.

With an understanding of the responsibilities of our Chapter Officers to engage members through effective communications, RIMS rewrote the Chapter Leader Contact Manager. Changing from Cold Fusion to .net now affords these volunteers more features, newer codes to make the delivery of these communications easier while adhering to security requirements.

FOR STAFF

An important component to RIMS' strategic goals is to make sure that RIMS staff has the tools to do their jobs effectively and efficiently. To that end, the Society completed phase III of three year hardware refresh installing new laptops, printers, network scanners, user PC's and implemented the Avaya IP softphone to staff laptops and CITRIX – a program that allows access to the desktop from mobile devices.

Finally, to ensure internal and external electronic communications are secure, the Society implemented Microsoft Lync IM platform – a server for rapid internal communication – and upgraded the Exchange Mail platform from 2007 to 2010.



RISK MANAGEMENT

PUBLICATIONS



In 2013, the Publications department continued its mission to produce insightful and informative content and analysis for RIMS members and the risk management community, both in print and digitally. This year, the department welcomed two new editors – Senior Editor Caroline McDonald and Associate Editor Hilary Tuttle – who replaced their departing predecessors.

Throughout its 10 issues, *Risk Management* magazine covered a variety of important topics, with articles on intellectual property protection, ERM, the year in risk, and the provocatively titled “Is Risk Management Obsolete,” which received the largest number of reader comments of any article to date on *RMmagazine.com* and in social media. In addition, we published more online exclusive content in 2013 than ever before and continued to support the magazine’s digital edition, which has been optimized for smartphone and tablet viewing.

Risk Management magazine’s official blog, the Risk Management Monitor remained a go-to resource for the latest risk management news, featuring more expert guest posts from RIMS staff and outside contributors.

In conjunction with RIMS’ Strategic and Enterprise Risk Practice, the department also produced a number of white papers to showcase the Society’s expertise, including “Root Cause Analysis,” “Understanding Reputational Risk” and “Risk Reports and Perceptions.” In addition, “Maintaining Global Employee Benefit Coverage with Multinational Pooling” and “The Challenges of Implementing an International Insurance Program in China” were produced for the International Committee and papers on TRIA and Property Loss Control were produced with the Government Affairs and Membership departments.

The department coordinated an update and reprint of the popular *ERM for Dummies* book and helped enhance the profile of RIMS and the risk management profession through successful collaborations with major media providers like *Bloomberg Businessweek* on risk management-related content. *The National Law Review* also continues to republish magazine and blog articles on their website.



STRATEGIC AND ENTERPRISE RISK

Risk management remains in an evolutionary period, with ever sharper focus, expectations and visibility at both the board and executive levels. The RIMS Strategic and Enterprise Risk Practice (SERP) undertakes to expand the value proposition for risk management as a strategic business discipline to maximize value creation and capture, as well as to protect value.

RIMS 2013 ENTERPRISE RISK MANAGEMENT SURVEY

Produced and published results in the third of a series of bi-annual reports on the state of enterprise risk management, in conjunction with Advisen Ltd., based on answers from nearly 1,100 respondents. Results revealed that risk management, particularly enterprise risk management, is now recognized by a majority of organizations as a strategic business discipline across the full risk spectrum. Furthermore, the practice is considered a valued part of corporate culture and business practices at the board and executive level. The survey also revealed a number of misalignments between risk management effectiveness and executive management expectations.

RIMS 2013 ERM CONFERENCE

Focusing on innovation and future thinking, the third annual RIMS ERM Conference program was structured specifically to provide participants with multiple opportunities for networking. Highlights included 12 educational sessions presented by risk practitioners, researchers and leading speakers; two general sessions: “Informing the Future: Risk Management and Big Data” and “Creating Value through Enterprise Risk Management”; and a showcase of 18 solutions providers. The keynote, Alan Parris, former Wall Street executive, challenged the attendees to make full use of their “superhero capes” in a constantly changing world. The Solutions Sharing Discussions were cited as a unique and valuable part of the conference. Award winners, Harley-Davidson Inc. and Infosys BPO, were honored with the RIMS ERM Awards of Distinction at a special luncheon.

EXECUTIVE REPORTS

RIMS SERP was instrumental in producing the following products and executive reports in 2013:

- RIMS|Marsh Excellence in Risk Management 10 Survey (April 2013)
- The ERM Starter Kit (July 2013)
- Root Cause: More than Just Cleaning Up the Mess (July 2013)
- Risk Reports and Perceptions: A Miami University Research Report (October 2013)
- Understanding Reputational Risk (November 2013)

WEBINARS

RIMS SERP produced 10 RIMS webinars and Coursecasts in 2013, including three on cyber risk. Other topics included: *Voice at the Top: An Interview with Doug Leatherdale*; *Implementing Strategic Risk Management*; *Managing Strategic Risk Appetite*; *Connecting the Supply Chain Puzzle*; *Understanding Reputational Risk*; *Risk Appetite: A Solution in Search of a Problem*; and *Forging a Collaborative Alliance [with Internal Audit]*.

RIMS RISK SUMMITS 2013

The two RIMS Risk Summits, held June 19th in New York City and July 17th in Chicago were limited by design to 20 attendees each to foster sharing and interaction among the participants. The theme “*Exploring strategy, risk appetite and reputational risks*” was introduced in keynotes by Dr. Paul Walker of St. Johns University and Dr. Mark Frigo of DePaul University. The full-day sessions explored the topics in the context of strategic decisions by two separate well-known companies. The summits were co-facilitated by Carol Fox.

PUBLISHED ARTICLES

Authored *Defining Your ERM Brand* for RIMS Risk Management Magazine and co-authored *Forward Thinking* for *Canadian Underwriter* with Andrew Bent.



TREASURER'S REPORT 2013

The following commentary highlights major areas of the December 31, 2013 audited financial statements of the Risk and Insurance Management Society, Inc. (RIMS) and Subsidiary. All numbers are rounded to the nearest thousand unless otherwise noted.

CONSOLIDATED BALANCE SHEET

- Net assets (retained earnings/reserves) at the end of 2013 increased to \$11.7M due to the \$1,066K surplus earned during the year. This surplus was \$100K less than 2012's \$1,166K. Revenues increased by \$496K while expenses increased by \$596K. Contributing factors include a \$115K decrease in advertising revenue.

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

PROGRAM REVENUES - \$388K INCREASE

- Conferences revenue rose by \$313K, principal factors were:
 - Sponsorship revenue increased by \$172K to a total of \$796K.
 - Registration revenue was \$3,134K which was \$118K lower than 2012.
 - Exhibit revenue increased by \$93K mainly due to more exhibitor attendance revenue.
 - ERM Conference revenue increased by \$55K largely due to higher attendance.
 - The new RIMS Risk Forum in Australia initiated in 2013 generated revenue of \$59K.
- Membership dues income increased by \$94K.
- Advertising revenue decreased by \$115K with most of this due to a \$92K decline in online advertising.

PROGRAM EXPENSES - \$138K INCREASE

- Government Affairs expenses decreased by \$311K reflecting reorganization, reduced RIMS RISK PAC expenses and the decision not to hold RIMS on the Hill in 2013.
- Conferences expenses rose by \$363K, principal factors were:
 - \$94K in higher shuttle bus costs due to the L.A. location.
 - ERM Conference expenses rose by \$49K due to increased attendance and higher costs in the San Francisco venue than in San Antonio.
 - The RIMS Risk Forum in Australia initiated in 2013 had expenses of \$52K.
- Marketing efforts for all programs increased by \$143K.
- There was a \$57K decrease in all other Programs combined.

SUPPORTING SERVICES EXPENSES - \$458K INCREASE

- General and Administration expenses includes G&A, IT and Finance and contributions.
- G&A expense increased by \$299K and includes a Board approved \$300K charitable contribution to the Spencer Educational Foundation.
- Membership Recruitment expense increased by \$159K.

CONSOLIDATED STATEMENTS OF CASH FLOWS

- The significant changes from 2012 to 2013 on this schedule have been discussed above.

RIMS pledges to provide timely and innovative information, education, networking and advocacy to its members. The efforts of all the staff and volunteers who contribute every day to the success of this organization are greatly appreciated.

Respectfully submitted,

Julie C. Pemberton, ARM
RIMS Treasurer



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

**Consolidated Audited Financial Statements
(With Supplemental Information)**

December 31, 2013 and 2012

RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

Table of Contents

Report of Independent Auditors	1 - 2
<u>Consolidated Financial Statements:</u>	
Consolidated Balance Sheet	3
Consolidated Statement of Revenues, Expenses and Change in Net Assets	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 13
<u>Supplemental Information:</u>	
Consolidating Schedule of Balance Sheet	14
Consolidating Schedule of Revenues, Expenses and Change in Net Assets	15

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Risk and Insurance Management Society, Inc. and Subsidiary (the "Organization"), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of revenues, expenses and change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

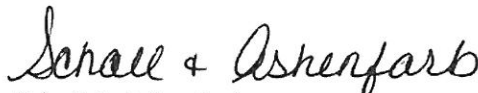
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of balance sheet and revenues, expenses and change in net assets on pages 14-15 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied to the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Schall & Ashenfarb
Certified Public Accountants, LLC

April 1, 2014

RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2013 AND 2012

	<u>12/31/13</u>	<u>12/31/12</u>
Assets		
Current assets:		
Cash and cash equivalents (Notes 1d and 1e)	\$1,866,334	\$1,064,842
Advertising receivables	125,875	148,820
Other receivables	317,907	245,687
Prepaid conference expenses	609,184	474,911
Other prepaid expenses and deposits	402,889	473,087
Total current assets	<u>3,322,189</u>	<u>2,407,347</u>
Non-current assets:		
Investments held for chapters	66,521	58,541
Investments at fair value (Notes 1g and 2)	14,623,357	13,114,225
Property and equipment, net (Notes 1h and 3)	1,429,832	1,430,246
Total non-current assets	<u>16,119,710</u>	<u>14,603,012</u>
Total assets	<u><u>\$19,441,899</u></u>	<u><u>\$17,010,359</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$1,282,854	\$1,009,956
Deferred conference revenue (Note 1i)	3,920,988	3,198,891
Deferred dues revenue (Note 1i)	1,186,356	1,114,277
Other deferred revenue (Note 1i)	463,359	399,670
Grant payable (Note 4)	100,000	0
Deferred rent, current portion (Note 1j)	73,456	73,456
Total current liabilities	<u>7,027,013</u>	<u>5,796,250</u>
Non-current liabilities:		
Deferred rent, net of current portion (Note 1j)	493,252	566,708
Grant payable (Note 4)	200,000	0
Liability for chapter investments	66,521	58,541
Total non-current liabilities	<u>759,773</u>	<u>625,249</u>
Total liabilities	<u><u>7,786,786</u></u>	<u><u>6,421,499</u></u>
Commitments and contingencies (Note 6)		
Net assets: (Note 1k)		
Unrestricted	11,655,113	10,588,860
Total net assets	<u>11,655,113</u>	<u>10,588,860</u>
Total liabilities and net assets	<u><u>\$19,441,899</u></u>	<u><u>\$17,010,359</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, 2013 AND 2012

	<u>12/31/13</u>	<u>12/31/12</u>
	Total	Total
	<u>Unrestricted</u>	<u>Unrestricted</u>
Revenues, gains and other support:		
Conference	\$8,065,648	\$7,751,959
Membership dues	2,276,627	2,182,618
Advertising	627,403	742,332
Publications	854,296	860,213
Membership and chapter services	580,535	497,749
Professional development	770,878	752,551
Other revenue	423,363	308,757
Investment income (Note 2)	1,461,497	1,467,477
Total revenues, gains and other support	<u>15,060,247</u>	<u>14,563,656</u>
Expenses (Note 7):		
Program services:		
Conference	3,890,107	3,526,124
Publications	847,261	860,855
Professional development	705,882	808,245
Marketing	1,331,908	1,188,334
Member and chapter services	507,418	504,866
Government affairs	399,891	710,958
Strategic and enterprise risk practice	298,168	242,809
Total program services	<u>7,980,635</u>	<u>7,842,191</u>
Supporting services:		
General and administration	5,230,922	4,931,802
Membership recruitment	782,437	623,341
Total supporting services	<u>6,013,359</u>	<u>5,555,143</u>
Total expenses	<u>13,993,994</u>	<u>13,397,334</u>
Change in net assets	1,066,253	1,166,322
Net assets - beginning of year	<u>10,588,860</u>	<u>9,422,538</u>
Net assets - end of year	<u><u>\$11,655,113</u></u>	<u><u>\$10,588,860</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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>12/31/13</u>	<u>12/31/12</u>
Cash flows from operating activities:		
Change in net assets	\$1,066,253	\$1,166,322
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	487,687	521,117
Net realized and unrealized gains on investments	(1,222,708)	(1,088,387)
(Increase)/decrease in assets:		
Advertising receivables	22,945	22,449
Other receivables	(72,220)	3,178
Prepaid conference expenses	(134,273)	(69,229)
Other prepaid expenses and deposits	70,198	(151,546)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	272,898	195,056
Deferred conference revenue	722,097	50,347
Deferred dues revenue	72,079	26,247
Other deferred revenue	63,689	(6,717)
Grant payable	300,000	(150,000)
Deferred rent	(73,456)	(73,456)
Total adjustments	<u>508,936</u>	<u>(720,941)</u>
Net cash provided by operating activities	<u>1,575,189</u>	<u>445,381</u>
Cash flows from investing activities:		
Purchases of investments	(16,111,186)	(4,621,763)
Proceeds from sales of investments	15,858,192	3,958,878
Purchases of property and equipment	(520,703)	(160,868)
Net cash (used for) investing activities	<u>(773,697)</u>	<u>(823,753)</u>
Net increase/(decrease) in cash and cash equivalents	801,492	(378,372)
Cash and cash equivalents - beginning of year	<u>1,064,842</u>	<u>1,443,214</u>
Cash and cash equivalents - end of year	<u>\$1,866,334</u>	<u>\$1,064,842</u>
Supplemental information:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

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, 2013 AND 2012

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 82 chapters across the United States, Canada, Peru, Australia 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.

During 2011, RIMS assisted in the establishment of the RISK PAC. The RISK PAC was established to educate U.S. congressional candidates and lawmakers about the practice of risk management and to make contributions to candidates for federal office. The RISK PAC trustees are separate from the trustees of RIMS, and RIMS does not directly control the RISK PAC. Accordingly, the operations of the RISK PAC have not been included in the financial statements of RIMS.

b. Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred rather than when received or paid. All significant receivables, payables and other liabilities have been recorded.

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

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 and at year-end, the Organization's operating cash accounts materially exceeded the federally insured limit. The Organization has not experienced losses in such accounts due to bank

failure. The Organization believes it is not exposed to any significant credit risk on its cash, cash equivalents and investments.

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 made directly against the allowance. Management believes that no allowance for doubtful accounts as of December 31, 2013 and 2012 is required, hence actual write-offs could 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 and are carried at fair value, which refers to the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

Realized and unrealized gains and losses are included in the consolidated 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.

i. Deferred Revenue

Deferred revenue consists of membership dues, professional development, magazine subscriptions, conference attendance, sponsorships and exhibit fees received in advance. Revenue related to membership 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, professional development and exhibits are recognized in the financial period when the event 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. In addition, the board of directors has designated a fund for strategic and enterprise risk management.
- 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. There were no restricted contributions in 2013 or 2012.
- 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 America 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 contribution deduction carry forwards of approximately \$342,000 and \$778,000 at December 31, 2013 and 2012, respectively. 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.
- p. Accounting for Uncertainty of Income Taxes
The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2010 and later are subject to examination by applicable taxing authorities.
- q. Subsequent Events
Management has evaluated for potential recognition and disclosure events subsequent to the date of the balance sheet through April 1, 2014, 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

Accounting standards have established 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 the Organization 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>At December 31, 2013</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Stocks (including mutual funds)	\$10,006,924	\$0	\$10,006,924
Bonds (including mutual funds)	3,737,115	212,431	3,949,546
Certificates of deposit	136,777	0	136,777
Money market funds	<u>530,110</u>	<u>0</u>	<u>530,110</u>
	<u>\$14,410,926</u>	<u>\$212,431</u>	<u>\$14,623,357</u>

	<u>At December 31, 2012</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Stocks (including mutual funds)	\$7,656,852	\$0	\$7,656,852
Bonds (including mutual funds)	4,469,846	338,527	4,808,373
Certificates of deposit	136,777	0	136,777
Money market funds	<u>512,223</u>	<u>0</u>	<u>512,223</u>
	<u>\$12,775,698</u>	<u>\$338,527</u>	<u>\$13,114,225</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on.

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. These securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The certificates of deposit are held as collateral against a letter of credit that was obtained to serve as a deposit for the Organization's lease (see Note 6).

Investment income consists of the following:

	<u>12/31/13</u>	<u>12/31/12</u>
Interest and dividends	\$290,483	\$408,343
Net realized and unrealized gain/(loss) on investments	1,222,708	1,088,387
Less: investment management fees	<u>(51,694)</u>	<u>(29,253)</u>
Total	<u>\$1,461,497</u>	<u>\$1,467,477</u>

Note 3 - Property and Equipment

Property and equipment consists of the following:

	<u>12/31/13</u>	<u>12/31/12</u>
Leasehold improvements	\$1,375,459	\$1,375,459
Computer software	2,061,471	1,713,204
Furniture and office equipment	817,568	739,640
Computer hardware	<u>788,319</u>	<u>729,420</u>
	5,042,817	4,557,723
Less: accumulated depreciation and amortization	<u>(3,612,985)</u>	<u>(3,127,477)</u>
Net property and equipment	<u>\$1,429,832</u>	<u>\$1,430,246</u>

Depreciation and amortization expense was \$487,687 and \$521,117 in 2013 and 2012, 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 \$39,402 and \$38,195 in 2013 and 2012, respectively. The fees from the Foundation amounted to \$342,264 and \$264,357 in 2013 and 2012, respectively. The fees are included in other revenue on the consolidated statement of revenues, expenses and change in net assets. Amounts due to RIMS from the Foundation for administrative fees and salary reimbursement totaled \$85,564 and \$149,705 at December 31, 2013 and December 31, 2012, respectively.

During 2010, RIMS pledged \$450,000 to the Foundation to support its operations. The remaining \$150,000 was paid during 2012, therefore at December 31, 2012, no balance remained.

During 2013, RIMS pledged an additional \$300,000 to the Foundation, of which the entire balance was outstanding as of December 31, 2013.

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 2013 and 2012, 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. For 2013 and 2012, no discretionary contribution was made. Expenses for this plan amounted to \$313,968 and \$362,233 for the year ended December 31, 2013 and 2012, respectively.

Note 6 - Commitments and Contingencies

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 are as follows:

December 31, 2014	\$605,133
2015	642,436
2016	679,739
2017	679,739
2018	<u>396,514</u>
Total	<u>\$3,003,561</u>

Rent expense for office space, including escalation and maintenance charges, was \$553,286 and \$575,932 for the years ended December 31, 2013 and 2012, respectively. Equipment lease expense was \$113,076 and \$116,821 for the years ended December 31, 2013 and 2012, 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 RIMS ERM Conference, RIMS ERM Summit 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

Risk Management magazine is RIMS flagship publication. It is produced ten times a year and includes articles of interest to professionals responsible for risk and insurance management in business and industrial firms, public administration and government, insurance companies, agents and brokers, business services and others allied to the field. By providing in-depth analysis of the world of risk, *Risk Management* magazine is a vital source of pertinent information for business. The magazine is supported by its official blog, the Risk Management Monitor, which offers daily coverage and analysis of the latest risk-related news and issues. In addition, RiskWire, an exclusive news service for RIMS members, provides an executive summary and links to the most important risk management stories of the day.

Professional Development

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

Marketing

RIMS employs a centralized approach to its marketing and communications efforts, and has unified this service for all its products, services and events under a single division. This methodology enables RIMS to maximize its impact and budgets by cross marketing its strategic objectives in all its communications efforts. Marketing vehicles involve an integrated approach primarily focused on electronic, web-based and print materials and communications, social media, as well as media relations. RIMS media relations division acts as a resource to major dailies, trade publications and the general media. Through press releases, articles 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.

Member and Chapter Services

The member area includes the Member and Chapter Services, Student Advisory and International Committees as well as maintaining the inventory for the RIMS online store and Career Center/Job Bank.

The chapter services group provides support and administrative services to RIMS' 82 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 lobbying event, RIMS on the Hill legislative conference, which brings risk managers to Washington, D.C. to further the agenda of the risk management community. The Government Affairs department maintains contact with its members throughout North America regarding all legislative developments via the RIMS website, newsletters and e-mail alerts. RIMS incurred expenses of \$19,558 related to lobbying activities.

Strategic and Enterprise Risk Practice

This practice enlarges the value proposition for risk management as a strategic business

discipline to encompass value creation and capture (the upside of uncertainty), as well as value protection (the downside of uncertainty). In leading new research and the development of innovative – yet pragmatic – strategic and operational risk practices that are applicable across all types of organizations, the practice’s main objective is to drive incremental and recurring revenue streams for RIMS by broadening its membership and delivering specific products and services that provide unique and practical value for its current and new members. The department serves as a “voice of the enterprise risk practitioner” for RIMS’ other departments with respect to the content of conferences, publications, marketing, interviews, workshops, surveys, seminars, webinars, etc., and serves as an internal consultant for RIMS’ own ERM program.

General and Administration

This includes the office of the Executive Director, Deputy 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.

Membership Recruitment

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>12/31/13</u>	<u>12/31/12</u>
Cash and cash equivalents	\$88,375	\$145,691
Prepaid conference expenses	147,483	118,878
Investments	<u>482,715</u>	<u>497,182</u>
Net assets	<u>\$718,573</u>	<u>\$761,751</u>

Revenues and expenses of RIMS Canada Council are as follows:

	<u>12/31/13</u>	<u>12/31/12</u>
Other revenue	\$206,574	\$111,249
Interest and investment income	19,239	17,218
Foreign exchange transaction gain/(loss)	(36,421)	18,779
Expenses	<u>(162,779)</u>	<u>(173,931)</u>
Change in net assets	<u>\$26,613</u>	<u>(\$26,685)</u>

RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF BALANCE SHEET
AT DECEMBER 31, 2013 AND 2012

	12/31/13			12/31/12		
	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$1,596,098	\$270,236	\$1,866,334	\$877,755	\$187,087	\$1,064,842
Advertising receivables, less allowance	125,875		125,875	148,820		148,820
Other receivables	317,907		317,907	186,712	58,975	245,687
Prepaid conference expenses	609,184		609,184	474,911		474,911
Other prepaid expenses and deposits	402,889		402,889	473,087		473,087
Total current assets	<u>3,051,953</u>	<u>270,236</u>	<u>3,322,189</u>	<u>2,161,285</u>	<u>246,062</u>	<u>2,407,347</u>
Non-current assets:						
Investments held for chapters	66,521		66,521	58,541		58,541
Investments, at fair value	13,788,972	834,385	14,623,357	12,483,480	630,745	13,114,225
Property and equipment, net	1,429,832		1,429,832	1,430,246		1,430,246
Total non-current assets	<u>15,285,325</u>	<u>834,385</u>	<u>16,119,710</u>	<u>13,972,267</u>	<u>630,745</u>	<u>14,603,012</u>
Total assets	<u><u>\$18,337,278</u></u>	<u><u>\$1,104,621</u></u>	<u><u>\$19,441,899</u></u>	<u><u>\$16,133,552</u></u>	<u><u>\$876,807</u></u>	<u><u>\$17,010,359</u></u>
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued expenses	\$1,241,091	\$41,763	\$1,282,854	\$1,008,656	\$1,300	\$1,009,956
Deferred conference revenue	3,920,988		3,920,988	3,198,891		3,198,891
Deferred dues revenue	1,186,356		1,186,356	1,114,277		1,114,277
Other deferred revenue	463,359		463,359	399,670		399,670
Grant payable	100,000		100,000			0
Deferred rent, current portion	73,456		73,456	73,456		73,456
Total current liabilities	<u>6,985,250</u>	<u>41,763</u>	<u>7,027,013</u>	<u>5,794,950</u>	<u>1,300</u>	<u>5,796,250</u>
Non-current liabilities:						
Deferred rent, net of current portion	493,252		493,252	566,708		566,708
Grant payable	200,000		200,000			0
Liability for chapter investments	66,521		66,521	58,541		58,541
Total non-current liabilities	<u>759,773</u>	<u>0</u>	<u>759,773</u>	<u>625,249</u>	<u>0</u>	<u>625,249</u>
Total liabilities	<u>7,745,023</u>	<u>41,763</u>	<u>7,786,786</u>	<u>6,420,199</u>	<u>1,300</u>	<u>6,421,499</u>
Net assets:						
Unrestricted	10,592,255	1,062,858	11,655,113	9,713,353	875,507	10,588,860
Total net assets	<u>10,592,255</u>	<u>1,062,858</u>	<u>11,655,113</u>	<u>9,713,353</u>	<u>875,507</u>	<u>10,588,860</u>
Total liabilities and net assets	<u><u>\$18,337,278</u></u>	<u><u>\$1,104,621</u></u>	<u><u>\$19,441,899</u></u>	<u><u>\$16,133,552</u></u>	<u><u>\$876,807</u></u>	<u><u>\$17,010,359</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
CONSOLIDATING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	12/31/13			12/31/12		
	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated
Revenues, gains and other support:						
Conference	\$8,065,648		\$8,065,648	\$7,751,959		\$7,751,959
Membership dues	2,276,627		2,276,627	2,182,618		2,182,618
Advertising	627,403		627,403	742,332		742,332
Publications	854,296		854,296	860,213		860,213
Membership and chapter services	580,535		580,535	497,749		497,749
Professional development	589,279	\$181,599	770,878	592,951	\$159,600	752,551
Other revenue	423,363		423,363	308,757		308,757
Investment income	1,368,213	93,284	1,461,497	1,391,686	75,791	1,467,477
Total revenues, gains and other support	<u>14,785,364</u>	<u>274,883</u>	<u>15,060,247</u>	<u>14,328,265</u>	<u>235,391</u>	<u>14,563,656</u>
Expenses:						
Program services:						
Conference	3,890,107		3,890,107	3,526,124		3,526,124
Publications	847,261		847,261	860,855		860,855
Professional development	681,671	24,211	705,882	802,553	5,692	808,245
Marketing	1,331,908		1,331,908	1,188,334		1,188,334
Member and chapter services	507,418		507,418	504,866		504,866
Government affairs	399,891		399,891	710,958		710,958
Strategic and enterprise risk practice	298,168		298,168	242,809		242,809
Total program services	<u>7,956,424</u>	<u>24,211</u>	<u>7,980,635</u>	<u>7,836,499</u>	<u>5,692</u>	<u>7,842,191</u>
Supporting services:						
General and administration	5,167,601	63,321	5,230,922	4,931,802		4,931,802
Membership recruitment	782,437		782,437	623,341		623,341
Total supporting services	<u>5,950,038</u>	<u>63,321</u>	<u>6,013,359</u>	<u>5,555,143</u>	<u>0</u>	<u>5,555,143</u>
Total expenses	<u>13,906,462</u>	<u>87,532</u>	<u>13,993,994</u>	<u>13,391,642</u>	<u>5,692</u>	<u>13,397,334</u>
Change in net assets	878,902	187,351	1,066,253	936,623	229,699	1,166,322
Net assets - beginning of year	<u>9,713,353</u>	<u>875,507</u>	<u>10,588,860</u>	<u>8,776,730</u>	<u>645,808</u>	<u>9,422,538</u>
Net assets - end of year	<u>\$10,592,255</u>	<u>\$1,062,858</u>	<u>\$11,655,113</u>	<u>\$9,713,353</u>	<u>\$875,507</u>	<u>\$10,588,860</u>

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