



RIMS  
ANNUALREPORT2014

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# LETTER FROM RIMS LEADERSHIP

The risks that our organizations face have become increasingly more complex. They impact our organizations faster and, as a result, can leave the unprepared risk professional apprehensive about leveraging new opportunities and mitigating threats the moment they arise.

How can RIMS better prepare our members for the uncertainties that lie ahead? Is our Society meeting the needs of the global risk management community?

Results from RIMS 2014 Membership Satisfaction Survey were encouraging with an overwhelming number (96 percent) expressing their satisfaction with many of the resources, knowledge and events RIMS produced throughout the year. While we are pleased with these results, your Society is determined to continue to develop the risk management support you need to advance your organization's risk programs and succeed professionally.

When looking at the future of risk management and the Society, embracing new or young professionals was a focus for 2014. We added staff and resources to specifically focus on Rising Risk Professionals, a membership group that we redefined to include not just students, but also those transitioning into the profession. New online courses, events and networking opportunities were designed to meet the changing perspectives and demands of our members.

RIMS conferences and events continue to be one of the Society's greatest member benefits and RIMS 2014 Annual Conference & Exhibition in Denver did not disappoint. For our first time in Denver, RIMS '14 welcomed over 9,700 attendees from a record-breaking 62 countries. The Society's international network of risk professionals continues to thrive. The expansion of RIMS Risk Forum Australasia to a two-day event, as well as other global industry events that our leadership participated in will keep this important trend moving in the right direction.

One of the ways RIMS works to keep our membership engaged is by delivering thought-leading content on risk management issues, especially in the area of Enterprise and Strategic Risk Management. RIMS 2014 ERM Conference, our Risk Summits, as well as professional development programming, cement our position as the world's leader in the risk management discipline. In addition, new executive reports on strategies for transitioning to ERM, reputational risk management and claims reporting practices keep our members informed and prepared to adapt to the constantly evolving business landscape.

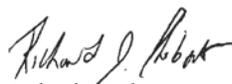
In 2014, we also enhanced the way we deliver content and communicate with members. Risk Management magazine, the award-winning Risk Management Monitor blog and RiskWire continued to be an important vehicle for RIMS to provide

up-to-date industry trends and news. Beyond news, RIMS' redesigned its website to make it more user-friendly, making it easier for visitors to find the risk management information they need. We also updated other technologies to allow us to better support RIMS' 82 chapters, share important Society updates to members while implementing best practices to ensure that our intellectual property and member information is secure.

Part of shaping the future of risk management hinges on regulation and how RIMS can affect policy so that risk professionals can achieve their objectives. NARAB II, the CLAIM Act were just two examples of legislative issues RIMS External Affairs explored throughout the year, but the committee devoted most of its energy toward the reauthorization of the Terrorism Risk Insurance Act (TRIA). Face-to-face meetings with elected officials, legislative events, official comment letters, op-eds and press releases on the importance of the program's extension were integral to the bill's passage in early 2015.

Continuing to strengthen our Rising Risk Professionals network, our global network of thought-leading risk professionals and innovative solution providers, as well as RIMS' internal network and structure will be key to the Society's ability to remain the leading risk management association in the world.

It is truly an exciting time for our profession – so much opportunity and so much more to learn and explore. On behalf of RIMS Board of Directors and staff, we would like to thank our dedicated volunteers and passionate members and look forward to supporting their risk management endeavors for years to come.



Richard J. Roberts, Jr.  
RF, ALCM, ARM, ARME, CPCU  
RIMS 2015 President



Mary Roth  
ARM  
RIMS Executive Director





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*Treasurer*  
**Robert Cartwright Jr., CRM**  
 Safety & Health Manager  
 Bridgestone Retail Operations, LLC

# RIMS BOARD OF DIRECTORS



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 IKEA (China) Investment Co., Ltd.



As the preeminent organization dedicated to advancing the practice of risk management, RIMS, *the risk management society*<sup>TM</sup>, 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 Standing Committees & Councils:

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



# MEMBERSHIP

RIMS membership remained strong in 2014 with nearly 11,000 members who are located in over 60 countries around the world.

## Engaging Membership

An overwhelming 96 percent of RIMS members are either Very Satisfied (44%) or Somewhat Satisfied (52%) with their RIMS membership. The positive feedback to the RIMS Membership Satisfaction Survey is a testament to the Society's commitment to helping our members excel professionally while advancing their organizations' risk management capabilities.

In October 2014, RIMS sent the survey to approximately 7,200 of its Professional Members. It included in-depth questions about membership satisfaction on a variety of RIMS offerings, divided into three categories: Networking/Learning, Educational and Resources/Publications. Here are the highest rated offerings in each category:

### Networking/Learning

- RIMS Annual Conference and Exhibition
- Local Chapter Meetings and Events
- Regional Conferences
- Risk Professionals Directory

### Educational

- Online Webcasts and Courses
- In-Person Workshops
- Professional Designations

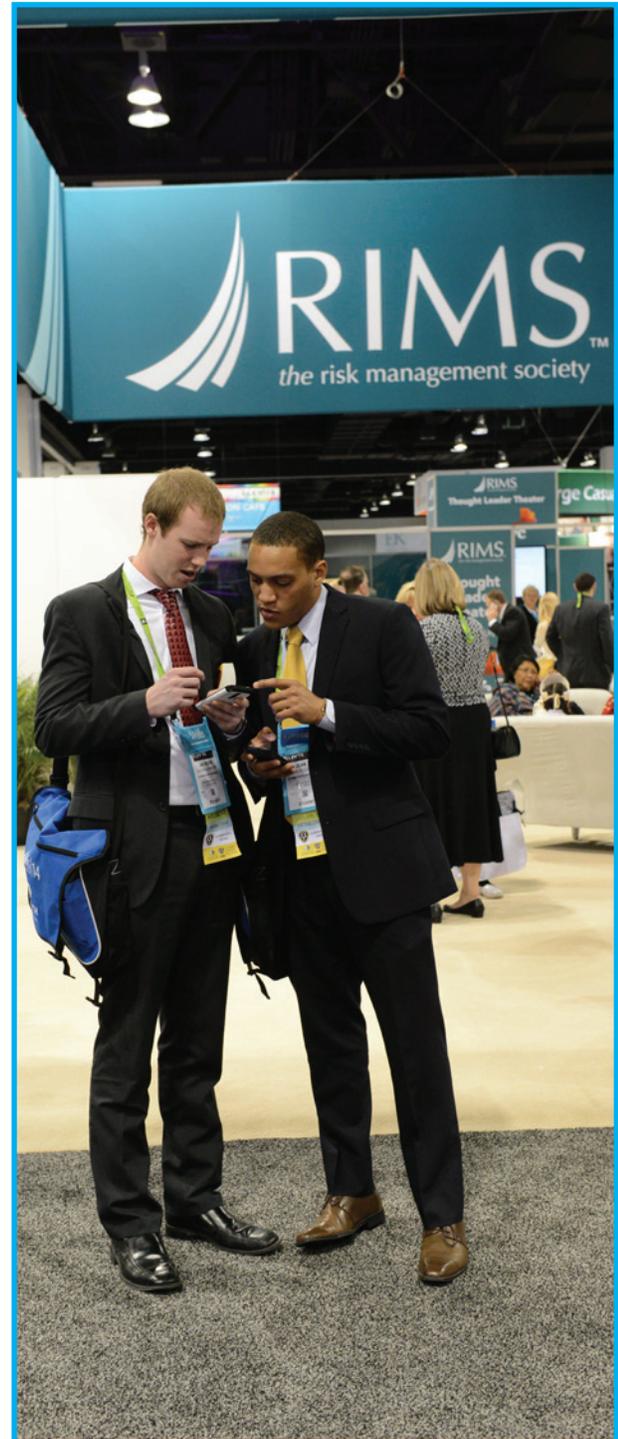
### Resources/Publications

- Risk Management magazine
- Risk Management Monitor (blog)
- RiskWire
- Career Center/Job Bank
- Risk Knowledge

To further enhance the Society's ability to cater to its membership, 2014 included the addition of a newly created position, Program Manager/Students and RRP's (Rising Risk Professionals) to target programs and services to individuals within these interest groups.

The RRP definition was modified to encourage inclusivity, including those individuals with seven years or less of experience in the field, regardless of age. Several new programs were implemented including the inaugural Spencer-RIMS Risk Management Challenge occurring at the Annual Conference. Student and RRP specific surveys were also distributed in order to uncover attitudes and preferences regarding their member benefits and needs. A targeted campaign was launched to offer membership at a discounted rate to recent graduates.

With an eye on the future, RIMS continues to review its membership structure to better accommodate the evolving and expanding role risk professionals are playing within their organizations.



# 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



**Mark DeLillo**  
Director of Risk  
Management  
Taylor Morrison, Inc.

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



**Hal D. Larson**  
Vice President  
Risk Manager  
Kent Corporation

The "Heart of RIMS" award is 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.

## Donald M. Stuart Award



**Anne Chalmers**  
Vice President, Risk  
& Security; Chair of  
Materials Stewardship  
Committee  
Teck Resources

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.

## Richard W. Bland Memorial Award



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

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

## Risk Management Hall of Fame 2014 Inductees



**Lucille "Lucky" Gallagher**

**Charles "Chuck" Magazine**

Co-founded by RIMS and AIG, the Risk Management Hall of Fame maintains the history and tradition of the field of risk management. The honor commemorates those professionals who have made significant contributions to advancing the discipline.

## Cristy Award



**Melissa Swanson**  
Risk Management  
Analyst  
California Polytechnic  
San Luis Obispo

The Cristy Award is presented to the risk professional who earns the highest cumulative average on the three exams leading to the Associate of Risk Management (ARM) designation.

# 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 them not only for overall excellence, but also for outstanding achievement in a particular category. These awards, recognizing achievement during 2013, were bestowed in 2014.

## Chapter Achievement

RIMS Atlanta Chapter in the Charity, Chapter Planning and Special Chapter Events categories  
RIMS Chesapeake Chapter in the Chapter Planning category  
RIMS Dallas Fort Worth Chapter in the Programming category  
RIMS New York Chapter in the Chapter Networking category  
RIMS Orange County Chapter in the Newsletters category  
RIMS Oregon Chapter in the Special Chapter Events category  
RIMS San Diego Chapter in the Charity and Chapter Meetings categories  
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 Arizona Central Chapter (Phoenix, AZ)  
RIMS Canadian Capital Chapter (Ottawa, ON)  
RIMS Central Ohio Chapter (Columbus, OH)  
RIMS Central Penn Chapter (Harrisburg, PA)  
RIMS Maritime Chapter (Nova Scotia, NB)  
RIMS Mexico Chapter (Monterrey)  
RIMS Orange County Chapter (Orange County, CA)  
RIMS Saskatchewan Chapter (Saskatoon/Regina, SK)  
RIMS Toledo Chapter (Toledo, OH)

## Membership Star Award

RIMS Chesapeake Chapter (Baltimore, MD)  
RIMS Connecticut Valley Chapter (Hartford, CT)  
RIMS Greater Quad Cities Chapter (Muscatine, IA)  
RIMS Los Angeles Chapter (Los Angeles, CA)  
RIMS South Texas Chapter (San Antonio, TX)  
RIMS St. Louis Chapter (St. Louis, MO)  
RIMS Western Carolina Chapter (Greenville, SC)  
RIMS Wisconsin Chapter (Milwaukee, WI)



# PROFESSIONAL DEVELOPMENT

In 2014, RIMS professional development offerings expanded to provide members with flexibility and the best in industry insight. In addition to our current menu of offerings the Society developed two new, unique online courses to meet the changing attitudes and demands of professional development and education. The first, Risk Analysis Forecasting Tools covers the quantitative methods that are essential for cutting claims costs and improving risk financing. The second, Designing an Enterprise Risk Management Framework, was created to help risk practitioners design the scope of an ERM framework by aligning accountability, collaboration and communication.

RIMS conducted 10 webcasts in 2014. The webcasts covered a variety of topics ranging from how the role and responsibilities of the risk professional has evolved (offered both in English and Spanish) and helping risk practitioners prepare in the event that Congress fails to extend TRIA, to global D&O insurance and an overview of the FAIR framework. Overall, RIMS served 2,079 attendees with webinar offerings; 1,634 were members, 445 were non-members. In 2014, the Society also offered 20 in-person workshops, with more than 315 risk practitioners in attendance. Overall, the feedback on attendee surveys was positive, and attendees valued the interactive, networking environment that RIMS' workshops provide.

Overall, 2014 was an innovative year for education at RIMS. There was a great emphasis on adapting our programs to meet the increased work-loads and time constraints of risk professionals around the world.



# GOVERNMENT AFFAIRS



## LEGISLATIVE SUMMIT '14

RIMS top legislative priority for 2014 was a long term extension of the Terrorism Risk Insurance Act (TRIA) beyond its expiration date of December 31, 2014. These efforts included many face-to-face meetings with elected officials, several written comments, and press releases on the importance of the program. Carolyn Snow, RIMS 2014 President, also testified in front of the Senate Banking Committee in February on behalf of RIMS. While Congress allowed the program to expire temporarily, it was eventually extended in early January of 2015.

Other federal legislative and regulatory initiatives included: comments to OSHA on a proposed rule relating to the e-reporting of workplace injuries and illnesses; comments to CMS regarding Medicare secondary payer safe harbors and monetary penalties for non-compliance; comments to FEMA regarding proposed changes to the public assistance program; taking an official position in favor of the CLAIM ACT and NARAB II legislation; continued opposition to a discriminatory reinsurance tax; and participation in Department of Treasury research into the cybersecurity insurance marketplace.

In June, RIMS held its Legislative Summit in Washington D.C. with the primary focus being on advocating for an extension of TRIA. Nearly 40 risk professionals were in attendance with approximately 50 meetings scheduled with members of Congress.

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

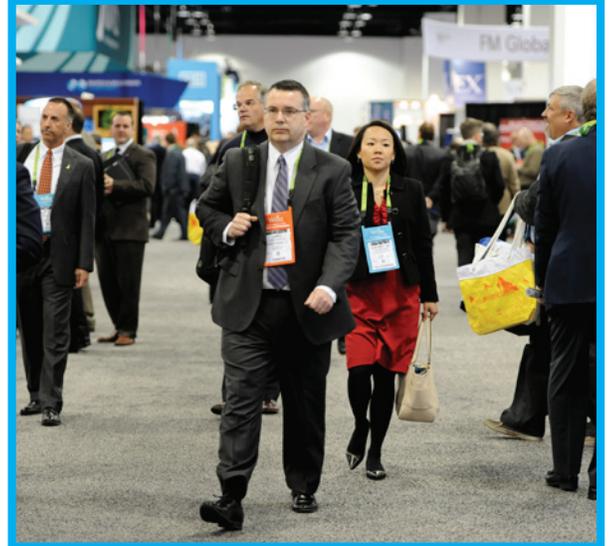
In 2014, RISK PAC received over \$13,000 in contributions from RIMS members and like-minded political action committees. The PAC Trustees authorized contributions to Congressman Randy Neugebauer, 2014 Chairman of the House Insurance Subcommittee and Congressman Ed Royce, a long-time proponent of RIMS' positions.

RIMS Standards and Practices Council completed work on its "Claims Reporting and Management Practices" executive report which was published in October. RIMS and ASIS together have been working cooperatively in the development of joint American National Standards documents in the area of Risk Assessment. The co-sponsored document is expected to be released for public comment in 2015.

RIMS remains involved in a leadership position with the U.S. Technical Advisory Group for the ISO 31000 risk management standards, participating in working groups and international meetings on a limited revision of two of the standards.



# MEETINGS AND EVENTS



## Growing our event portfolio; strengthening our brand

RIMS hosted more than 9,700 risk professionals during its 52nd Annual Conference & Exhibition in Denver, Colorado, April 27-30, 2014. The conference – the world’s premier educational and networking event for risk professionals – was held in Denver for the first time ever, and was incredibly successful.

RIMS ‘14 offered attendees from more than 60 countries the opportunity to take advantage of more than 160 education sessions and three 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 2014 Annual Conference & Exhibition partnered with the City of Denver to deliver relevant, timely education to the risk community about the legalization of marijuana in the state.

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.

The RIMS ERM Conference 2014 was held in October in Miami and attracted nearly 300 risk professionals and more than 20 exhibiting solution providers. The conference, in its fourth year, continues to be successful, offering a deep dive into the world of Enterprise Risk Management. The 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. RIMS ERM Conference 2015 will be held in Chicago at the Hilton Chicago on October 26-27, 2015.

The second RIMS Risk Forum Australasia was held in Sydney on August 31-September 1, 2014. The event expanded to a two-day forum and attracted more than 120 risk professionals from the region. RIMS 2014 President Carolyn Snow attended and presented at the event. RIMS Risk Forum Australasia 2015 will be held at the Langham Hotel in Melbourne on August 17-18, 2015.

# TECHNOLOGY

As the world's premier risk management association, RIMS has a responsibility to deliver thought-leading content, resources and service that enables its global membership to advance their risk programs for organizational success.

Key to the Society's ability to meet and exceed those expectations is to maintain a strong technology infrastructure that allows staff, volunteers and members to securely share knowledge and strengthen their networks.

In 2014, RIMS placed a concerted effort on upgrading its technologies to ensure that the information the Society houses is protected while also meeting RIMS' strategic goal of integrating progressive technologies and operations to ensure that we provide the best resources for our staff and our members. malware firewalls.

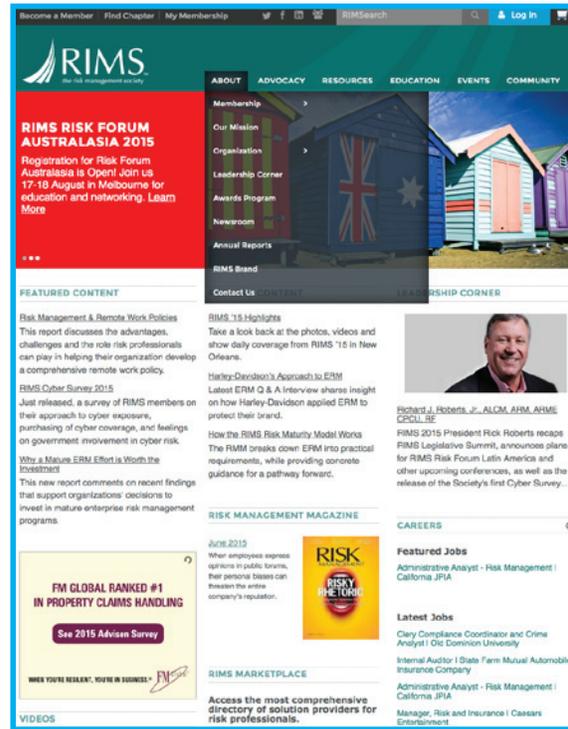
## For Members

In 2014, RIMS unveiled a new website design that emphasized content and featured more streamlined navigational menus to allow practitioners to search and access resources with greater ease. Based off feedback the Society received from key stakeholders, RIMS' website now has increased functionality, better navigation, enhanced search and mobile capabilities. To ensure the new site's success, the Society built four new servers and installed a software platform to accommodate the changes. The site's Search Engine Optimization was also improved, enabling current and potential members to locate RIMS resources.

With an understanding of our Chapter Officers' responsibility to engage members through effective communications, RIMS upgraded all chapter microsites to the latest SaaS platform version. Implementing a uniformed platform allows the Society to more efficiently administer support, make adjustments and add information and, eventually, implement new upgrades when needed.

Another initiative to enhance our volunteers ability to communicate with each other, RIMS designed and implemented a true extranet – a private network that uses internet technology and public telecommunication system to securely share information or operations with suppliers, vendors, partners and other businesses.

Finally, as RIMS and the risk management profession become more global, the Society has responsibility to ensure that it is compliant with international laws and regulations. The introduction of the Canadian Anti-Spam Law (CASL) prompted RIMS to write new programs that revised the processes in which it delivers information to its Canadian members.



## 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 made major strides in enhancing the way we protect, store and use member information.

This year, RIMS implemented Tableau. Tableau Software helps member-associations to more efficiently group and understand data. The program was added to help RIMS quickly analyze, visualize and share information. The visual reporting tool helps RIMS to report on more easily, accurately and comprehensively all data elements from conference registration, member retention, exhibitor registration, as well as all other data relationships requiring reporting features. Also to help with reporting, RIMS integrated its financial system, (Great Plains) with netFORUM.

With more than 60,000 individuals in the Society's database, it is imperative that we continue to upgrade the Sql server environment. Responsible for holding all of RIMS' member data, this technology was updated from 2005 to 2008R2 servers.

Finally, to ensure internal and external electronic communications are secure, the Society upgraded the Exchange Mail platform from 2010 to 2013. It also upgraded RIMS Intranet with human resource focused features including an employee resource center. Advanced security measures were also taken as the Society implemented two new, redundant, active scanning anti-

# PUBLICATIONS

In 2014, 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, RIMS welcomed a new Art & Production Manager, Andrew Bass Jr., whose design contributions have already improved the look and feel of RIMS publications, particularly Risk Management magazine.

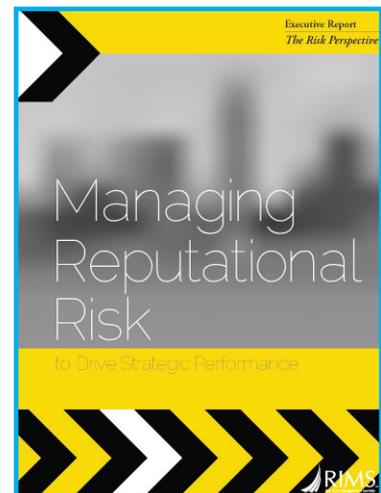
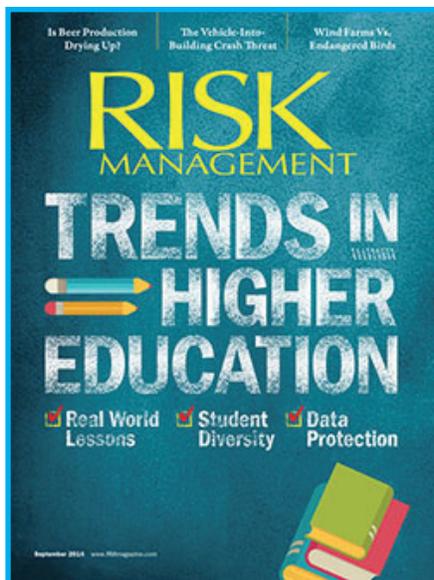


Throughout its 10 issues, Risk Management magazine covered a variety of interesting topics, with articles on ERM, cybersecurity, reputation risk, risk management education, marijuana legalization and commercial space travel risk, among others. RIMS also coordinated a Zurich-sponsored roundtable discussion on big data, which was featured in the November issue. In addition, the Society published online exclusive content on RMmagazine.com and continued to support the magazine's members-only digital edition, which is 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 "Transitioning to ERM," "Managing Reputation Risk to Drive Strategic Performance" and "Claims Reporting and Management Practices."

The department 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, while The National Law Review continues to republish magazine and blog articles on



# STRATEGIC AND ENTERPRISE RISK PRACTICE

Risk management continues to evolve, 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 2014 ERM Conference

Focusing on the value that enterprise risk management can offer, the fourth annual RIMS ERM Conference program in Miami was structured to provide participants with unique opportunities for networking. Highlights included 12 educational sessions presented by risk practitioners, researchers and leading speakers; two general sessions: “The Failure of Risk Management: Why It’s Broken and How to Fix It” and “Synchronized Strategic Initiatives: ERM at the Toronto 2015 Pan American Games”; along with a showcase of solutions providers.

The conference’s keynote, Josh Linkner, CEO of Detroit Venture Partners and former CEO of ePrize, challenged attendees to embrace risk by asking “Why? What If? Why Not?” offering multiple examples of organizations that disrupted their industries through creative risk taking. The Solutions Sharing Discussions offered risk professionals an opportunity to learn from each other on three specific topics.

Award winners, Astro Overseas Limited and American Agricultural Insurance Company, were honored with the RIMS ERM Awards of Distinction at a special luncheon. Four students from St. John’s University participated in the conference through a grant from the Spencer Educational Foundation.



## Executive Reports 2014

The RIMS SERP was instrumental in producing the following products and executive reports in 2014:

- RIMS|Marsh Excellence in Risk Management XI Survey Risk Management and Organizational Alignment (published April 2014)
- Q&A Series of Interviews with successful risk professionals about their organizations’ ERM journeys (ongoing and online)
- RIMS Executive Report: Transitioning to Enterprise Risk Management (published April 2014)
- RIMS Executive Report: Managing Reputational Risk Drive Performance (published October 2014)
- RIMS Executive Report: Claims Reporting and Management Practices (published October 2014)

## Webcasts

RIMS SERP produced three RIMS webcasts in 2014. Topics included the Evolving Role of the Risk Professional, What’s Over the Horizon 2014, Voice at the Top: A Conversation with Barry Franklin, Zurich North America CRO.

## RIMS Risk Summits 2014

The three RIMS Risk Summits 2014, held June 12th in New York City, June 25th in Los Angeles and July 16th in Chicago, were limited by design to 20 attendees each to foster sharing and interaction among participants. The theme “Exploring Strategy, Innovation, Risk Appetite and Reputational Risks” was introduced in keynotes by Dr. Paul Walker of St. John’s University and Dr. Mark Frigo of DePaul University. The full-day sessions explored the topics in the context of strategic decisions by three separate well-known companies. The summits were co-facilitated by Carol Fox, RIMS Director, SERP.

## Presentations

By invitation, Carol Fox delivered the keynote address on Integrating Risk Management at an inaugural Latin American Governance, Risk and Compliance forum for the Oil, Gas and Biofuels industry. In support of the 2014 J.D. Powers and RIMS Large Commercial Insurance Study, she also presented at the J.D. Power Commercial Insurance Excellence Summit.

## Research

Results of the fully independent Queens University Management School’s research study *The Valuation Implications of Enterprise Risk Management Maturity*, using the data from RIMS Risk Maturity Model, was published in the *The Journal of Risk and Insurance* (study finds 25% increase in value for mature organizations).

# 2014 TREASURER'S REPORT

The following commentary highlights major areas of the December 31, 2014 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 2014 increased to \$12.7 million due to the \$1,033K surplus earned during the year. This surplus was \$33K less than 2013's \$1,066K. Non-investment revenue increased by \$911K primarily due to the successful conference in Denver. Investment income was \$523K, an amount \$938K lower than in 2013 and in line with market conditions. Expenses totaled \$14,000K and were virtually unchanged from last year.

## Consolidated Statements of Revenues, Expenses and Change in Net Assets

### Program Revenues – \$911K increase

- Conferences revenue rose by \$888K, principal factors were:
  - Sponsorship revenue increased by \$238K to a total of \$1,034K.
  - Registration revenue was \$3,345K which was \$211K higher than 2013.
  - Exhibitor revenue increased by \$225K due the addition of a new revenue stream created by subleasing convention center space and a 5% price increase.
  - Exhibit Badge fees increased by \$160K because these were required to be purchased before a hotel room could be reserved in the room block plus there was a 5% price increase.
- Membership dues income was \$2,257K representing a \$19K decrease from 2013.
- Advertising revenue increased by \$278K of which \$202K came from stronger Print ads sales.
- Professional Development revenue decreased by \$195K because sessions were reduced by limiting them to the most popular topics and also holding them in the cities which historically have had the highest attendance.

### Program Expenses – \$289K increase

- Conferences expenses rose by \$231K, principal factors being:
  - Exhibit Arrangement expense increased by \$262K reflecting higher Convention Center and Food and Beverage costs.
  - Shuttle Bus expenses decreased by \$91K as hotels in Denver were generally located closer to the Convention Center therefore requiring fewer buses.
  - RIMS Risk Forum in Australia expanded to two days from one in 2013 and expenses increased by 87K.
- Marketing efforts for all programs increased by \$193K largely due to consolidating advertising, list rental and on-line activities in this area in 2014.
- Professional Development decreased by \$254K as the number of sessions were reduced.

### Supporting Services Expenses – \$283K increase

- This category includes General and Administration and Membership Recruitment.
- Three departments are included in General and Administration: G&A, IT and Finance.
- General and Administration expenses decreased by \$679K in 2014.
- Half of the decrease was due to lower charitable contributions in 2014; the largest factor was that 2013's \$300K contribution to the Spencer Educational Foundation was not repeated in 2014.
- The majority of the remaining decrease was due to the transfer of IT staff to the new Client Services Department; expenses of this new department are included in Membership Recruitment.
- Membership Recruitment expense increased by \$396K with the main factor being the addition of the new Client Services Department.

## Consolidated Statements of Cash Flows

- The significant changes from 2013 to 2014 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,

A handwritten signature in black ink, appearing to read 'Robert Cartwright, Jr.' with a stylized flourish at the end.

Robert Cartwright, Jr., CRM  
RIMS Treasurer



**SCHALL** Certified Public Accountants LLC  
**& ASHENFARB**

IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL L. SCHALL, CPA



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

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

**December 31, 2014 and 2013**

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

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## **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 sheet as of December 31, 2014 and 2013, and the related consolidated statement 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 audits 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.

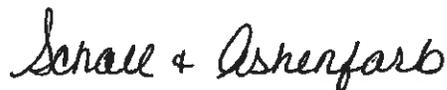
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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, 2014 and 2013, 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 balance sheet and schedule of revenues, expenses and change in net assets on pages 15-16 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 audits 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 8, 2015

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEET**  
**AT DECEMBER 31, 2014 AND 2013**

|  | <u>12/31/14</u>            | <u>12/31/13</u>            |
|--|----------------------------|----------------------------|
| <b>Assets</b>                          |                            |                            |
| Current assets:                        |                            |                            |
| Cash and cash equivalents              | \$2,299,935                | \$1,866,334                |
| Advertising receivables                | 285,767                    | 125,875                    |
| Other receivables                      | 220,217                    | 317,907                    |
| Prepaid conference expenses            | 607,777                    | 609,184                    |
| Other prepaid expenses and deposits    | 348,945                    | 402,889                    |
| Total current assets                   | <u>3,762,641</u>           | <u>3,322,189</u>           |
| Non-current assets:                    |                            |                            |
| Investments held for chapters          | 70,843                     | 66,521                     |
| Investments at fair value (Note 2)     | 15,331,115                 | 14,623,357                 |
| Property and equipment, net (Note 3)   | 1,407,003                  | 1,429,832                  |
| Total non-current assets               | <u>16,808,961</u>          | <u>16,119,710</u>          |
| Total assets                           | <u><u>\$20,571,602</u></u> | <u><u>\$19,441,899</u></u> |
| <b>Liabilities and Net Assets</b>      |                            |                            |
| Current liabilities:                   |                            |                            |
| Accounts payable and accrued expenses  | \$1,215,369                | \$1,282,854                |
| Deferred conference revenue            | 4,269,534                  | 3,920,988                  |
| Deferred dues revenue                  | 1,254,478                  | 1,186,356                  |
| Other deferred revenue                 | 479,864                    | 463,359                    |
| Grant payable (Note 4)                 | 100,000                    | 100,000                    |
| Deferred rent, current portion         | 110,759                    | 73,456                     |
| Total current liabilities              | <u>7,430,004</u>           | <u>7,027,013</u>           |
| Non-current liabilities:               |                            |                            |
| Deferred rent, net of current portion  | 382,493                    | 493,252                    |
| Grant payable (Note 4)                 | 0                          | 200,000                    |
| Liability for chapter investments      | 70,843                     | 66,521                     |
| Total non-current liabilities          | <u>453,336</u>             | <u>759,773</u>             |
| Total liabilities                      | <u>7,883,340</u>           | <u>7,786,786</u>           |
| Commitments and contingencies (Note 6) |                            |                            |
| Net assets:                            |                            |                            |
| Unrestricted                           | 12,688,262                 | 11,655,113                 |
| Total net assets                       | <u>12,688,262</u>          | <u>11,655,113</u>          |
| Total liabilities and net assets       | <u><u>\$20,571,602</u></u> | <u><u>\$19,441,899</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, 2014 AND 2013**

|   | <u>12/31/14</u>            | <u>12/31/13</u>            |
|---|----------------------------|----------------------------|
|   | Total                      | Total                      |
|   | <u>Unrestricted</u>        | <u>Unrestricted</u>        |
| Revenues, gains and other support:      |                            |                            |
| Conference                              | \$8,953,769                | \$8,065,648                |
| Membership dues                         | 2,257,671                  | 2,276,627                  |
| Advertising                             | 905,060                    | 627,403                    |
| Publications                            | 879,871                    | 854,296                    |
| Membership and chapter services         | 487,773                    | 580,535                    |
| Professional development                | 575,991                    | 770,878                    |
| Other revenue                           | 449,681                    | 423,363                    |
| Investment income (Note 2)              | 523,188                    | 1,461,497                  |
| Total revenues, gains and other support | <u>15,033,004</u>          | <u>15,060,247</u>          |
| Expenses (Note 7):                      |                            |                            |
| Program services:                       |                            |                            |
| Conference                              | 4,121,260                  | 3,890,107                  |
| Publications                            | 995,968                    | 847,261                    |
| Professional development                | 451,134                    | 705,882                    |
| Marketing                               | 1,524,979                  | 1,331,908                  |
| Member and chapter services             | 547,943                    | 507,418                    |
| Government affairs                      | 463,049                    | 399,891                    |
| Strategic and enterprise risk practice  | 165,440                    | 298,168                    |
| Total program services                  | <u>8,269,773</u>           | <u>7,980,635</u>           |
| Supporting services:                    |                            |                            |
| General and administration              | 4,551,908                  | 5,230,922                  |
| Membership recruitment                  | 1,178,174                  | 782,437                    |
| Total supporting services               | <u>5,730,082</u>           | <u>6,013,359</u>           |
| Total expenses                          | <u>13,999,855</u>          | <u>13,993,994</u>          |
| Change in net assets                    | 1,033,149                  | 1,066,253                  |
| Net assets - beginning of year          | <u>11,655,113</u>          | <u>10,588,860</u>          |
| Net assets - end of year                | <u><u>\$12,688,262</u></u> | <u><u>\$11,655,113</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, 2014 AND 2013**

|  | <u>12/31/14</u>    | <u>12/31/13</u>    |
|--|--------------------|--------------------|
| Cash flows from operating activities:  |                    |                    |
| Change in net assets   | \$1,033,149        | \$1,066,253        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                    |                    |
| Depreciation and amortization  | 569,138            | 487,687            |
| Net realized and unrealized gains on investments   | (237,199)          | (1,222,708)        |
| (Increase)/decrease in assets:   |                    |                    |
| Advertising receivables  | (159,892)          | 22,945             |
| Other receivables  | 97,690             | (72,220)           |
| Prepaid conference expenses  | 1,407              | (134,273)          |
| Other prepaid expenses and deposits  | 53,944             | 70,198             |
| Increase/(decrease) in liabilities:  |                    |                    |
| Accounts payable and accrued expenses  | (67,485)           | 272,898            |
| Deferred conference revenue  | 348,546            | 722,097            |
| Deferred dues revenue  | 68,122             | 72,079             |
| Other deferred revenue   | 16,505             | 63,689             |
| Grant payable  | (200,000)          | 300,000            |
| Deferred rent  | (73,456)           | (73,456)           |
| Total adjustments  | <u>417,320</u>     | <u>508,936</u>     |
| Net cash provided by operating activities  | <u>1,450,469</u>   | <u>1,575,189</u>   |
| Cash flows from investing activities:  |                    |                    |
| Purchases of investments   | (11,645,973)       | (16,111,186)       |
| Proceeds from sales of investments   | 11,175,414         | 15,858,192         |
| Purchases of property and equipment  | (546,309)          | (520,703)          |
| Net cash used for investing activities   | <u>(1,016,868)</u> | <u>(773,697)</u>   |
| Net increase in cash and cash equivalents  | 433,601            | 801,492            |
| Cash and cash equivalents - beginning of year  | 1,866,334          | 1,064,842          |
| Cash and cash equivalents - end of year  | <u>\$2,299,935</u> | <u>\$1,866,334</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, 2014 AND 2013**

**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.

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. Investments are subject to market fluctuations and principal is not guaranteed. 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, 2014 and 2013 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.
- 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 2014 or 2013.
- m. **Functional Allocation of Expenses**  
The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated financial statements. 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 \$630,000 and \$342,000 at December 31, 2014 and 2013, 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, 2011 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 8, 2015, 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, 2014</u> |                  |                     |
|---------------------------------|-----------------------------|------------------|---------------------|
|                                 | <u>Level 1</u>              | <u>Level 2</u>   | <u>Total</u>        |
| Stocks (including mutual funds) | \$10,278,532                | \$0              | \$10,278,532        |
| Bonds (including mutual funds)  | 2,219,815                   | 222,555          | 2,442,370           |
| Certificates of deposit         | 136,777                     | 0                | 136,777             |
| Blended funds                   | 1,014,204                   | 0                | 1,014,204           |
| Diversified mutual funds        | 763,800                     | 0                | 763,800             |
| Money market funds              | <u>695,432</u>              | <u>0</u>         | <u>695,432</u>      |
|                                 | <u>\$15,108,560</u>         | <u>\$222,555</u> | <u>\$15,331,115</u> |

|                                 | <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> |

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>12/31/14</u>  | <u>12/31/13</u>    |
|--|------------------|--------------------|
| Interest and dividends                                 | \$333,208        | \$290,483          |
| Net realized and unrealized gain/(loss) on investments | 237,199          | 1,222,708          |
| Less: investment management fees                       | <u>(47,219)</u>  | <u>(51,694)</u>    |
| Total  | <u>\$523,188</u> | <u>\$1,461,497</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                               | 2,529,532          | 2,061,471          |
| Furniture and office equipment                  | 839,327            | 817,568            |
| Computer hardware                               | <u>844,808</u>     | <u>788,319</u>     |
|   | 5,589,126          | 5,042,817          |
| Less: accumulated depreciation and amortization | <u>(4,182,123)</u> | <u>(3,612,985)</u> |
| Net property and equipment                      | <u>\$1,407,003</u> | <u>\$1,429,832</u> |

Depreciation and amortization expense was \$569,138 and \$487,687 in 2014 and 2013, 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 \$3,643 and \$39,402 in 2014 and 2013, respectively. The fees from the Foundation amounted to \$369,645 and \$342,264 in 2014 and 2013, 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 \$4,997 and \$85,564 at December 31, 2014 and December 31, 2013, respectively. As of February 2014, RIMS no longer provides services to its New York Chapter.

During 2013, RIMS pledged an additional \$300,000 to the Foundation, of which \$100,000 was outstanding as of December 31, 2014.

**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 sixty days 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 2014 and 2013, RIMS made a safe-harbor contribution of 4% of staff's compensation each payroll period, and may make a discretionary profit sharing contribution to the Plan at the end of each plan year. For 2014

and 2013, discretionary contributions of 1% of staff's compensation were made. Expenses for this plan amounted to \$332,875 and \$313,968 for the years ended December 31, 2014 and 2013, 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, 2015 | \$642,436          |
| 2016              | 679,739            |
| 2017              | 679,739            |
| 2018              | <u>396,514</u>     |
| Total             | <u>\$2,398,428</u> |

Rent expense for office space, including escalation and maintenance charges, was \$561,091 and \$553,286 for the years ended December 31, 2014 and 2013, respectively. Equipment lease expense was \$105,950 and \$113,076 for the years ended December 31, 2014 and 2013, 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 Annual Conference & Exhibition, RIMS ERM Conference, RIMS Risk Summits and RIMS Risk Forum. RIMS Annual Conference & Exhibition 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. RiskWire, distributed twice per week, is an exclusive news service for RIMS members that provides an executive summary and links to the most important risk management stories of the day. Additional online resources that provide today's risk professionals with knowledge, tools and resources they need to be successful include the Strategic & Enterprise Risk Center, the International Center for Risk Management and Risk Knowledge. These are available to both members and the general public.

### *Professional Development*

This department implements educational programs through online courses, workshops, webinars, coursecasts, Chapter events and in-company training. Online courses are offered through partnerships with vendors. It also administers the GRMI programs for the RIMS Fellow® (RF) and the Canadian Risk Management® (CRM) designations.

### *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 make the best use of its budget by cross marketing its strategic objectives in all its communications efforts. Marketing programs involve an integrated approach primarily focused on electronic, web-based and print materials and communications, social media, advertising, publishing, as well as media relations. RIMS Marketing also supports RIMS Marketplace, an online directory of relevant service and solution providers. 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. RIMS Media Relations division also coordinates all speaking opportunities for RIMS Leadership. Using this approach, the department fulfills its mandate to expand awareness of risk management to a broad audience.

### *Member and Chapter Services*

This department is responsible for maintaining, supporting, engaging and enlarging membership and chapter services activities. Administrative services and support are provided 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. Other activities include the Student Advisory and International Committees, the RIMS online store, RIMS Career Center/Job Bank, RIMS Benchmark Survey and RIMS Compensation Survey. The development of tomorrow's risk management leaders is essential. Member and Chapter Services contribute to this through various initiatives including the Rising Risk Professionals Community, the RIMS Anita Benedetti Student Involvement Program and the Student Resource Center.

### *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 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. Furthermore, it conducts lobbying at all levels of government through an assortment of strategies including the annual RIMS Legislative Summit, 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 \$14,734 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. This area also reviews and monitors program goals for member recruitment and retention.

**Note 8 - RIMS Canada Council**

RIMS Canada Council (“RCC”) is a committee of RIMS. The RCC supports, promotes and coordinates risk management in Canada by means of standing subcommittees. 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>12/31/14</u>  | <u>12/31/13</u>  |
|-----------------------------|------------------|------------------|
| Cash and cash equivalents   | \$67,139         | \$88,375         |
| Prepaid conference expenses | 130,517          | 147,483          |
| Investments                 | <u>468,037</u>   | <u>482,715</u>   |
| Net assets                  | <u>\$665,693</u> | <u>\$718,573</u> |

Revenues and expenses of RIMS Canada Council are as follows:

|  | <u>12/31/14</u>   | <u>12/31/13</u>  |
|--|-------------------|------------------|
| Other revenue                            | \$148,077         | \$206,574        |
| Interest and investment income           | 55,495            | 19,239           |
| Foreign exchange transaction gain/(loss) | (42,330)          | (36,421)         |
| Expenses                                 | <u>(214,120)</u>  | <u>(162,779)</u> |
| Change in net assets                     | <u>(\$52,878)</u> | <u>\$26,613</u>  |

**RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY**  
**CONSOLIDATING BALANCE SHEET**  
**AT DECEMBER 31, 2014 AND 2013**

|   | 12/31/14   |  |                     | 12/31/13   |  |                     |
|---|--|--|---------------------|--|--|---------------------|
|   | Risk and<br>Insurance<br>Management<br>Society, Inc. | Global Risk<br>Management<br>Institute | Consolidated        | Risk and<br>Insurance<br>Management<br>Society, Inc. | Global Risk<br>Management<br>Institute | Consolidated        |
| <b>Assets</b>                           |  |  |                     |  |  |                     |
| Current assets:                         |  |  |                     |  |  |                     |
| Cash and cash equivalents               | \$1,955,918  | \$344,017                              | \$2,299,935         | \$1,596,098  | \$270,236                              | \$1,866,334         |
| Advertising receivables, less allowance | 285,767  |  | 285,767             | 125,875  |  | 125,875             |
| Other receivables                       | 220,217  |  | 220,217             | 317,907  |  | 317,907             |
| Prepaid conference expenses             | 607,777  |  | 607,777             | 609,184  |  | 609,184             |
| Other prepaid expenses and deposits     | 348,945  |  | 348,945             | 402,889  |  | 402,889             |
| <b>Total current assets</b>             | <b>3,418,624</b>                                     | <b>344,017</b>                         | <b>3,762,641</b>    | <b>3,051,953</b>                                     | <b>270,236</b>                         | <b>3,322,189</b>    |
| Non-current assets:                     |  |  |                     |  |  |                     |
| Investments held for chapters           | 70,843   |  | 70,843              | 66,521   |  | 66,521              |
| Investments, at fair value              | 14,459,377   | 871,738                                | 15,331,115          | 13,788,972   | 834,385                                | 14,623,357          |
| Property and equipment, net             | 1,407,003  |  | 1,407,003           | 1,429,832  |  | 1,429,832           |
| <b>Total non-current assets</b>         | <b>15,937,223</b>                                    | <b>871,738</b>                         | <b>16,808,961</b>   | <b>15,285,325</b>                                    | <b>834,385</b>                         | <b>16,119,710</b>   |
| <b>Total assets</b>                     | <b>\$19,355,847</b>                                  | <b>\$1,215,755</b>                     | <b>\$20,571,602</b> | <b>\$18,337,278</b>                                  | <b>\$1,104,621</b>                     | <b>\$19,441,899</b> |
| <b>Liabilities and Net Assets</b>       |  |  |                     |  |  |                     |
| Current liabilities:                    |  |  |                     |  |  |                     |
| Accounts payable and accrued expenses   | \$1,110,797  | \$104,572                              | \$1,215,369         | \$1,241,091  | \$41,763                               | \$1,282,854         |
| Deferred conference revenue             | 4,269,534  |  | 4,269,534           | 3,920,988  |  | 3,920,988           |
| Deferred dues revenue                   | 1,254,478  |  | 1,254,478           | 1,186,356  |  | 1,186,356           |
| Other deferred revenue                  | 479,864  |  | 479,864             | 463,359  |  | 463,359             |
| Grant payable                           | 100,000  |  | 100,000             | 100,000  |  | 100,000             |
| Deferred rent, current portion          | 110,759  |  | 110,759             | 73,456   |  | 73,456              |
| <b>Total current liabilities</b>        | <b>7,325,432</b>                                     | <b>104,572</b>                         | <b>7,430,004</b>    | <b>6,985,250</b>                                     | <b>41,763</b>                          | <b>7,027,013</b>    |
| Non-current liabilities:                |  |  |                     |  |  |                     |
| Deferred rent, net of current portion   | 382,493  |  | 382,493             | 493,252  |  | 493,252             |
| Grant payable                           |  |  | 0                   | 200,000  |  | 200,000             |
| Liability for chapter investments       | 70,843   |  | 70,843              | 66,521   |  | 66,521              |
| <b>Total non-current liabilities</b>    | <b>453,336</b>                                       | <b>0</b>                               | <b>453,336</b>      | <b>759,773</b>                                       | <b>0</b>                               | <b>759,773</b>      |
| <b>Total liabilities</b>                | <b>7,778,768</b>                                     | <b>104,572</b>                         | <b>7,883,340</b>    | <b>7,745,023</b>                                     | <b>41,763</b>                          | <b>7,786,786</b>    |
| Net assets:                             |  |  |                     |  |  |                     |
| Unrestricted                            | 11,577,079   | 1,111,183                              | 12,688,262          | 10,592,255   | 1,062,858                              | 11,655,113          |
| <b>Total net assets</b>                 | <b>11,577,079</b>                                    | <b>1,111,183</b>                       | <b>12,688,262</b>   | <b>10,592,255</b>                                    | <b>1,062,858</b>                       | <b>11,655,113</b>   |
| <b>Total liabilities and net assets</b> | <b>\$19,355,847</b>                                  | <b>\$1,215,755</b>                     | <b>\$20,571,602</b> | <b>\$18,337,278</b>                                  | <b>\$1,104,621</b>                     | <b>\$19,441,899</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 SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

|  | 12/31/14   |  |                     | 12/31/13   |  |                     |
|--|--|--|---------------------|--|--|---------------------|
|  | Risk and<br>Insurance<br>Management<br>Society, Inc. | Global Risk<br>Management<br>Institute | Consolidated        | Risk and<br>Insurance<br>Management<br>Society, Inc. | Global Risk<br>Management<br>Institute | Consolidated        |
| <b>Revenues, gains and other support:</b>              |  |  |                     |  |  |                     |
| Conference   | \$8,953,769  |  | \$8,953,769         | \$8,065,648  |  | \$8,065,648         |
| Membership dues  | 2,257,671  |  | 2,257,671           | 2,276,627  |  | 2,276,627           |
| Advertising  | 905,060  |  | 905,060             | 627,403  |  | 627,403             |
| Publications   | 879,871  |  | 879,871             | 854,296  |  | 854,296             |
| Membership and chapter services                        | 487,773  |  | 487,773             | 580,535  |  | 580,535             |
| Professional development                               | 438,409  | \$137,582                              | 575,991             | 589,279  | \$181,599                              | 770,878             |
| Other revenue  | 449,681  |  | 449,681             | 423,363  |  | 423,363             |
| Investment income                                      | 510,377  | 12,811                                 | 523,188             | 1,368,213  | 93,284                                 | 1,461,497           |
| <b>Total revenues, gains and<br/>    other support</b> | <b>14,882,611</b>                                    | <b>150,393</b>                         | <b>15,033,004</b>   | <b>14,785,364</b>                                    | <b>274,883</b>                         | <b>15,060,247</b>   |
| <b>Expenses:</b>                                       |  |  |                     |  |  |                     |
| <b>Program services:</b>                               |  |  |                     |  |  |                     |
| Conference   | 4,121,260  |  | 4,121,260           | 3,890,107  |  | 3,890,107           |
| Publications   | 995,968  |  | 995,968             | 847,261  |  | 847,261             |
| Professional development                               | 407,059  | 44,075                                 | 451,134             | 681,671  | 24,211                                 | 705,882             |
| Marketing  | 1,524,979  |  | 1,524,979           | 1,331,908  |  | 1,331,908           |
| Member and chapter services                            | 547,943  |  | 547,943             | 507,418  |  | 507,418             |
| Government affairs                                     | 463,049  |  | 463,049             | 399,891  |  | 399,891             |
| Strategic and enterprise<br>risk practice              | 165,440  |  | 165,440             | 298,168  |  | 298,168             |
| <b>Total program services</b>                          | <b>8,225,698</b>                                     | <b>44,075</b>                          | <b>8,269,773</b>    | <b>7,956,424</b>                                     | <b>24,211</b>                          | <b>7,980,635</b>    |
| <b>Supporting services:</b>                            |  |  |                     |  |  |                     |
| General and administration                             | 4,493,915  | 57,993                                 | 4,551,908           | 5,167,601  | 63,321                                 | 5,230,922           |
| Membership recruitment                                 | 1,178,174  |  | 1,178,174           | 782,437  |  | 782,437             |
| <b>Total supporting services</b>                       | <b>5,672,089</b>                                     | <b>57,993</b>                          | <b>5,730,082</b>    | <b>5,950,038</b>                                     | <b>63,321</b>                          | <b>6,013,359</b>    |
| <b>Total expenses</b>                                  | <b>13,897,787</b>                                    | <b>102,068</b>                         | <b>13,999,855</b>   | <b>13,906,462</b>                                    | <b>87,532</b>                          | <b>13,993,994</b>   |
| <b>Change in net assets</b>                            | <b>984,824</b>                                       | <b>48,325</b>                          | <b>1,033,149</b>    | <b>878,902</b>                                       | <b>187,351</b>                         | <b>1,066,253</b>    |
| <b>Net assets - beginning of year</b>                  | <b>10,592,255</b>                                    | <b>1,062,858</b>                       | <b>11,655,113</b>   | <b>9,713,353</b>                                     | <b>875,507</b>                         | <b>10,588,860</b>   |
| <b>Net assets - end of year</b>                        | <b>\$11,577,079</b>                                  | <b>\$1,111,183</b>                     | <b>\$12,688,262</b> | <b>\$10,592,255</b>                                  | <b>\$1,062,858</b>                     | <b>\$11,655,113</b> |

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