



RISK AND INSURANCE MANAGEMENT SOCIETY, INC.

2016

ANNUAL REPORT



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LETTER FROM LEADERSHIP



The risk management profession continued to show remarkable signs of growth and innovation in 2016 and RIMS, the risk management society™, was at the forefront. From new global expansion initiatives and educational opportunities, to a globally-recognized risk management certification and additions to the Society's event lineup, the Society worked diligently to build upon the wide selection of resources that serve the evolving needs of our stakeholders.

One of several major milestones achieved by the Society in 2016 was the formation of its Global Development team. Recognizing the increasing trend and opportunity for organizations to introduce their services and products to new markets around the world, RIMS developed increased capacity to meet the needs of global members by offering more resources that support expansion efforts.

In 2016, the Society held the first RIMS China Delegation. The delegation comprised Board Directors and RIMS Staff and featured a comprehensive agenda that included highly productive meetings with integral players in China's insurance market, government, as well as universities in Beijing and Shanghai. Our engagement with the country's emerging risk management community to learn about their programs and their challenges has been extremely valuable.

RIMS hosted Forums in key countries to support the growing international risk management community. The desire for professional knowledge was clearly demonstrated at RIMS Risk Forum Middle East in December. The two-day Forum in Dubai saw attendance jump from 100 attendees in year one (2015) to over 500 attendees in 2016. With such strong supporting evidence for global initiatives, RIMS will continue to explore new opportunities to build on these successes.

To successfully manage risk, it is crucial that RIMS continues to deliver resources that keeps its membership up-to-date with best practices and trends. In late 2015 and into 2016, the RIMS-Certified Risk Management Professional certification (RIMS-CRMP) was launched to help members demonstrate and confirm their expertise. The first exam for the RIMS-CRMP was held at RIMS 2016 Annual Conference & Exhibition in San Diego and saw over 100 risk professionals take the exam. We celebrated the first class of RIMS-

CRMP holders later in the year and made the exam available online, a move to afford practitioners from around the world access to take the exam.

In 2016, the Society also took steps to address the often-stated talent gap that will eventually impact the risk management profession. Noting the importance Rising Risk Professionals will play in the future of the profession, the Society focused its energy on this critical group, holding the first-ever RIMS NeXtGen Summit. One hundred up-and-coming risk professionals attended a two-day summit in Washington, D.C. and took advantage of education sessions developed specifically for them. The success of the event will result in a second forum slated for mid-2017.

Other key initiatives in 2016 included the acquisition of the Risk Manager of the Year® award program, the Society's contributions to the revised ISO 31000 Risk Management Assessment standard, critical enhancements to RIMS' information technology security, as well as the production of the award-winning Risk Management magazine.

The best is yet to come. RIMS must stay focused on moving forward with all of its key audiences in mind. United, risk professionals can influence change and continue the momentum that has seen a deeper reliance and appreciation for strong risk management capabilities around the globe. The Society is primed to enhance its thought-provoking content and programming, industry-leading events, unrivaled networking opportunities and vault of diverse resources. Together we will make big strides to execute the Society's strategic plan and goals, with members, staff and industry partners engaged, supportive and excited about the future of our profession.

Sincerely,

Nowell R. Seaman
RIMS 2017 President

Mary Roth
RIMS Chief Executive Officer

BOARD OF DIRECTORS



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Julie C. Pemberton, RIMS-CRMP, ARM
Director, Risk Management & Compliance
Columbus Regional Airport Authority

ABOUT RIMS



RIMS STANDING COMMITTEES & COUNCILS

MISSION & GOALS

As the preeminent organization dedicated to educating, engaging and advocating for the global risk community, RIMS, *the risk management society*[™], is a not-for-profit organization representing more than 3,500 corporate, industrial, service, nonprofit, charitable and government entities throughout the world. RIMS has a membership of approximately 11,000 risk practitioners who are located in more than 60 countries. For more information about the Society's world-leading risk management content, networking, professional development and certification opportunities, visit www.RIMS.org.

Annual Conference Programming

Audit

ERM

Exhibits Advisory

External Affairs

Finance

International

Member & Chapter Services

Nominating

RIMS Canada

Standards and Practices

Strategic Risk Management Development

Student Advisory

MISSION

To educate, engage and advocate for the global risk community.

STRATEGIC GOALS

- Ensure a sustainable and adaptable organization.
- Equip risk professionals globally to succeed in an evolving environment.
- Enhance engagement with members and the broader risk community.
- Expand RIMS influence worldwide.

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

Christopher E. Mandel

Senior Vice President, Strategic Solutions
Sedgewick Claims Management, 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

Robin Joines

Senior Vice President, Risk Management
Sedgewick Claims Management Services, Inc.

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

Mark Day

Executive Director, Risk Management & Insurance,
Treasury Board and Finance Government of Alberta

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 and is presented at the RIMS Canada Conference.

RIMS RISING STAR AWARD

Alumine Bellone

Director, Risk and Insurance, Broward Health

Kathleen Crowe

Account Specialist II, Aon Risk Specialist

Established in 2015, the RIMS Rising Star Award honors up-and-coming risk management professionals under the age of 35 or who have seven or less years of experience in the industry.

RIMS AMBASSADORS GROUP

Darius Delon

Associate Vice President, Risk Services, Mount Royal University

Daniel McGarvey

Managing Director, Marsh & McLennan Companies

The RIMS Ambassadors Group award recognizes individuals for their continued service with RIMS, going above and beyond to help strengthen and support the Society's strategic initiatives.

RISK MANAGEMENT HALL OF FAME 2016 INDUCTEES

William H. McGannon

David Mikulina

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

2016 SPENCER-RIMS RISK MANAGEMENT CHALLENGE

First Place: **Temple University**

Second Place: **Florida State University**

Third Place: **Butler University**

In partnership with Spencer Educational Foundation Inc., teams comprising undergraduate risk management and insurance students compete by developing and presenting risk management strategies at RIMS Annual Conference & Exhibition.

CRISTY AWARD

David Engel

Director, Risk Management
AT&T

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.

FRED H. BOSSONS AWARD

David Chipp

Project Consultant, People, Performance and Culture; Efficiency
Nova Scotia

Each year, the Fred H. Bossons Award honors the risk management professional who earns the highest marks on the three courses required to receive the CRM designation.

RIMS CHAPTER AWARDS PROGRAM

RIMS Chapter Awards Program includes three awards: Chapter Achievement Awards, Chapter Excellence Awards and Membership Growth Awards. This program acknowledges the work and dedication of RIMS chapters by not only recognizing them for overall excellence, but also for outstanding achievement in a particular category. These awards, recognizing achievement during 2015, were bestowed in 2016.

CHAPTER ACHIEVEMENT

- RIMS Atlanta Chapter** – Communication: Social Media
- RIMS Atlanta Chapter** – Education: Chapter Meetings
- RIMS Atlanta Chapter** – Education: Student Involvement
- RIMS Broward County Chapter** – Community: Community Social Connections
- RIMS Chesapeake Chapter** – Education: Chapter Programming
- RIMS Chicago Chapter** – Education: Chapter Programming
- RIMS Dallas Fort-Worth Chapter** – Education: Chapter Meetings
- RIMS Detroit Chapter** – Community: Charity (Risk Management)
- RIMS New York Chapter** – Education: Special Chapter Events
- RIMS Oregon Chapter** – Communication: Website
- RIMS Sacramento Valley Chapter** – Education: Regional Conferences
- RIMS San Diego Chapter** – Organization: Chapter Planning
- RIMS South Texas Chapter** – Community: Charity (Risk Management)

MEMBERSHIP GROWTH AWARD

This award is presented 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 Alaska Chapter** (Anchorage, AK)
- RIMS Australasia Chapter** (Melbourne, AUS)
- RIMS Broward County Chapter** (Ft. Lauderdale, FL)
- RIMS Japan Chapter** (Tokyo, JPN)
- RIMS Long Island Chapter** (Nassau County, NY)
- RIMS Mexico Chapter** (Monterey, MEX)
- RIMS Newfoundland & Labrador Chapter** (St. John's, NL)
- RIMS Piedmont Chapter** (Raleigh-Durham, NC)
- RIMS Québec Chapter** (Montreal, QC)
- RIMS Silicon Valley Chapter** (Silicon Valley, CA)
- RIMS South Louisiana Chapter** (New Orleans, LA)
- RIMS Utah Chapter** (Salt Lake City, UT)
- RIMS Virginia Chapter** (Williamsburg, VA)

MEMBERSHIP STAR AWARD

- RIMS Arizona Central Chapter** (Phoenix, AZ)
- RIMS Canadian Capital Chapter** (Ottawa, ON)
- RIMS Central Florida Chapter** (Orlando, FL)
- RIMS Greater Miami Chapter** (Miami, FL)
- RIMS Northern Alberta Chapter** (Edmonton, AB)
- RIMS Pittsburgh Chapter** (Pittsburgh, PA)
- RIMS Toledo Chapter** (Toledo, OH)

MEMBERSHIP & MARKETING



Early in 2016, the departments formerly known as “Marketing and Communications” and “Membership and Constituent Programs” were realigned to form the Membership and Marketing Department. This realignment enables RIMS to further focus on delivering (and communicating) member value and engagement opportunities, while better positioning staff and resources to achieve the organizational objectives set forth by the Board.

NEW MEMBERSHIP CATEGORIES

In its ongoing efforts to expand globally and ensure its overall sustainability, RIMS continues to identify ways to address the needs of global organizations and practitioners, to attract new members and to create a more inclusive and accessible Society. Providing greater incentive to Rising Risk Professionals to become members is also critical to the Society’s future.

In July, RIMS Board of Directors approved a series of amendments to the Society’s bylaws. The most significant included the creation of four new individual professional membership classes: Individual Professional Member; Individual Young Professional Member (for new members age 25 and under); and Individual International Professional Member (for developed and emerging countries).

The goal of RIMS’ membership changes is to make the path to a RIMS’ membership even more attainable. The new membership categories are scheduled to be available to risk professionals in July 2017.

RISK MANAGER OF THE YEAR AWARDS PROGRAM

In September, RIMS proudly announced the acquisition of the Risk Manager of the Year Award, an award program that was formerly administered by Crain Communications Inc.’s *Business Insurance* magazine. Moving forward, the Society will administer the nomination process and programming for both the Risk Manager of the Year Award and Risk Management Honor Roll.

The Risk Manager of the Year program was initiated in 1977 and the Risk Management Honor Roll was added in 1981. Since their inception,

the two honors have been bestowed in collaboration with RIMS in an effort to raise the profile of the risk management profession and the outstanding programs practitioners have implemented within their organizations.

THE NEXT GENERATION

RIMS continues to engage with students and Rising Risk Professionals (RRPs) to ensure the next generation of risk professionals have access to the resources, information and the professional network necessary to enhance and further their careers. In 2016, the Society held its first-ever NeXtGen Summit in Washington, D.C. to support this important constituency. The two-day event drew over 100 attendees and plans were developed for a second summit to be held in 2017.

At the Annual Conference, RIMS hosted the annual Spencer-RIMS Risk Management Challenge. Eight university teams were invited to participate (narrowed down from 21 team submissions), and each team presented a risk management program to address a specific risk situation to a panel of judges. During the conference, the teams were narrowed down to three finalists and the winner was Temple University.

With the RIMS Rising Star Award (also presented at the Annual Conference), the Society honored Alumine Bellone, director of risk and insurance for Broward Health, and Kathleen Crowe, account specialist II for Aon Risk Solutions, for demonstrating exceptional initiative, volunteerism, professional development, achievement and leadership potential.



RISK MANAGEMENT HALL OF FAME

Equally as important as recognizing those professionals new to risk management, the Society continues to demonstrate the exceptional value risk professionals offer by spotlighting the outstanding careers of industry veterans.

In collaboration with the American International Group, Inc., William H. McGannon and David Mikulina were inducted into the Risk Management Hall of Fame (RMHF). The RMHF serves as a means to maintain the history of the field of risk management and recognizes risk practitioners who have made significant contributions to advancing the discipline. Both honorees were officially inducted at the Annual Conference in San Diego.

HONORING RIMS CHAPTERS

Each year, RIMS honors chapters for achievement in several areas, including social media, meetings, student involvement, social connections, programming, charity, special events, website, planning and regional conferences, as well as growth. In 2016, the Member and Chapter Services Committee awarded the following:

- Eleven chapters received 13 chapter achievement awards
- Seven chapters received Membership Superstar Awards and four chapters received Membership Star Awards for growth
- The RIMS Ambassadors Group award was introduced and two ambassadors were selected



OPIS UPGRADE

In June, RIMS upgraded the Opis platform to a new software that integrates seamlessly with what was formerly known as the RIMS eGroups, as well as with the RIMS membership database. Some highlights of the “new and improved” Opis include:

- Badging and gamification
- Single sign-on
- Integration with RIMS-hosted chapter websites
- Ability to invite members to events, make announcements, link to publications
- Hundreds of active, topical communities and discussion groups



DELIVERING MEMBER VALUE

In its efforts to provide member value on an on-going basis, RIMS produced multiple publications, executive reports and research studies for its community of risk professionals. Some highlights of this year’s content releases include:

- J.D. Power Large Commercial Insurance Satisfaction Study
- 2016 RIMS Benchmark Survey
- ANSI/ASIS/RIMS Risk Assessment Standard
- RIMS Cyber Survey 2016
- RIMS Marsh Excellence in Risk Management Report XIII
- 2016 LatAm Benchmark Survey
- Decoding Political Risk Management
- Developing Effective Risk Appetite and Tolerance Statements
- Improving Strategic Risk Management Using Macro Risk Analysis
- Risk Taker vs. Risk Manager
- Risk Management’s Role in Mergers & Acquisitions
- Bridging Strategy and Implementation with Strategic Risk Management

STRATEGIC & ENTERPRISE RISK PRACTICE

The Strategic Initiatives area undertakes to expand the value proposition for risk management as a critical business discipline in four key areas: global development, content development, standards and practices, and strategic enterprise risk management practices.

GLOBAL DEVELOPMENT

Formed in mid-2016, RIMS Global Development Team is charged with leading the expansion of RIMS service delivery, influence and brand globally. In identifying strategic opportunities in the international arena aligned with RIMS' mission and strategic goals, the team explores and assesses targeted stakeholder needs and opportunities that are intended to boost membership development and revenue growth, in addition to fostering greater customer and member engagement worldwide.

In March, a RIMS China delegation, led by board member Robert Zhang, met with government officials, insurance companies, associations, as well as universities in Shanghai and Beijing. RIMS presented or hosted several events: a risk management roundtable in Beijing and two events in Shanghai: a market reception and a risk summit with PricewaterhouseCoopers. In May, RIMS co-branded and presented at a Risk Summit in Sandton, South Africa with the Institute of Risk Management in South Africa. In conjunction with the RIMS Middle East Forum held in December, RIMS 2016 President and staff met with top insurance companies and brokers, and hosted a roundtable discussion with local risk management professionals.

CONTENT DEVELOPMENT

RIMS organized a cross-functional content team to conduct investigative research in developing engaging and relevant program content and identifying emerging and popular risk management trends and topics.

REPORTS, ARTICLES AND WEBCASTS

The content team collectively produced more than a dozen articles and whitepapers, six Q&A's with successful risk management professionals about their organizations' ERM journeys (ongoing and online in the RIMS Strategic and Enterprise Resource Center www.rims.org/resources/), and 15 webcasts on various topics, archived on the RIMS website.

CONFERENCE PROGRAMMING

RIMS 2016 ERM Conference – Focusing on the value that enterprise risk management can provide, the sixth annual RIMS ERM Conference program in Atlanta was structured to provide participants with unique opportunities for learning and networking in an interactive environment. The two-day conference featured a keynote by Martin Vilsoe. Organizations were recognized for achieving Advanced Risk Maturity levels. Students from seven universities participated in the conference through a grant from the Spencer Educational Foundation.

RIMS NeXtGen Summit 2016 – Held in Washington, D.C., this inaugural event was designed to engage and educate rising risk professionals. Sessions covered a wide array of topics that described risk management best practices (with an early career audience in mind), explained complicated insurance or risk finance theories or tools, and enhanced the soft skills needed to navigate corporate structures and politics, with an eye on championing risk management.

The two-day event featured a keynote by Roy van Duivenbode, Director of Risk Management at Vulcan Inc.

RIMS Australasia Risk Forum 2016 – Working with the RIMS Australasia Chapter on the fourth annual program, this two-day event in Melbourne featured leading risk management and insurance professionals from Australia, New Zealand, London and the United States. The highlight for many was Phil Kearns, a former rugby star-turned-insurance broker, who delivered the keynote address "From Scrummaging to Broking."

RIMS Latin America Risk Forum 2016 – In its second year, the Latin America Risk Forum saw 70 percent growth in the number of attendees. The forum, held in Bogotá, included speakers from Columbia, Chile, Bolivia, the United States and others. The opening session "7 C's of Risk Management" given by Luz Angela Fethers of Cargill USA set a positive tone for the forum.

RIMS Middle East Risk Forum 2016 – The 2016 RIMS Risk Forum Middle East presented Ali Al Muwaijei of Dubai South as the keynote speaker. A risk management "celebrity" in the United Arab Emirates, Al Muwaijei spoke to nearly 600 attendees in the opening session. In its second year, speakers (and attendees) came from several countries in the region, as well as from Canada, the United Kingdom and the United States.

STRATEGIC ENTERPRISE RISK MANAGEMENT PRACTICES

- ERM Committee and SRM Development Council members produced three Executive Reports in 2016: Steps to Successful Risk Taking; Developing Effective Risk Appetite and Tolerance Statements; Bridging Strategy and Implementation with Strategic Risk Management; Risk Taker vs. Risk Manager.
- RIMS staff produced three RIMS' copyrighted task-based assignments for the Virtual Enterprises International's curriculum for high school students: Preparing a Risk Assessment; Conducting Research and Choosing Risk Solutions; and Developing a Risk Management Plan.
- RIMS staff authored a chapter on *Principles Behind Cyber Risk Management* at the request of the author/editor of a book titled, "The Cyber Risk Handbook" (slated for publication by Wiley in April 2017).

RIMS RISK SUMMITS 2016

Three RIMS Risk Summits were held in 2016 for risk executives in New York City (June, in conjunction with Protiviti), Chicago (July) and Seattle (December, in conjunction with Microsoft). These summits were limited - by design - to 20 attendees each to foster sharing and interaction among the participants. Keynotes by Dr. Paul Walker of St. John's University (New York and Seattle) and Dr. Mark Frigo of DePaul University (Chicago) centered the full-day session which explored the topics in the context of strategic decisions by three separate well-known companies.

EVENTS & EDUCATION



GLOBALLY CHARGED

EVENTS

RIMS hosted more than 10,400 guests at its 54th Annual Conference & Exhibition in San Diego. RIMS 2016 offered attendees from more than 60 countries the opportunity to take advantage of more than 160 education sessions and employed a creative TED-style opening keynote that featured three thought leaders. With nearly 400 exhibiting companies, the Exhibit Hall offered attendees new solutions and partners. RIMS 2016 also offered enhancements: namely the professional development lounge, a place for attendees to receive career and resume advice, get a headshot, and; the members only lounge, a place exclusively designed for members to relax and recharge.

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 2016 was held in October in Atlanta and attracted more than 320 risk professionals. 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.

The events and education team continued to engage the global risk community by holding successful forums in Melbourne, Bogotá and Dubai. The global forums continue to grow and help position the Society as the leading global risk management society. The Risk Forums are intended to increase brand awareness and provide regionally specific risk management education to new markets.

RIMS Risk Forum Latin America was held in Bogotá in October and attracted more than 100 guests. RIMS Risk Forum Middle East was held in Dubai in December and attracted some 600 attendees, representing

a more than 500 percent year-over-year (y/y) growth. Both events attracted new members and customers and we look forward to continuing our global growth efforts in these regions next year.

The fourth RIMS Risk Forum Australasia held in August in Melbourne attracted more than 150 professionals. All of the forums were supported by local members and sponsors, and attended by RIMS President Julie Pemberton.

EDUCATION

In 2016, RIMS education department continued its mission to modernize education products and launch new online courses to further advance the organization's mission and vision. Two new courses were created: Workers Compensation and Cyber Risk. Cyber Risk was also made available in Spanish.

RIMS conducted 16 webcasts in 2016. The webcasts covered a variety of topics ranging from cyber to political to global risk. Overall, RIMS served 3,224 attendees with webcast offerings (a 14% y/y increase); 3,039 were members (36% y/y increase), whereas just 210 were non-members (a 65% decrease y/y).

In 2016, the Society offered 21 in-person workshops (two more than were offered in 2015), with nearly 230 risk practitioners in attendance. Overall, the feedback on attendee surveys was positive and attendees valued the interactive, networking environment RIMS workshops provide.

Much of 2016 was spent evaluating technology software to build a new learning management system. After thorough analysis, RIMS selected Blue Sky eLearn in November of 2016. This software will enable RIMS to house all online learning, including webcasts and online courses, as well as video recorded conference and forum content, in one platform. This new platform will enhance the user experience and give the Society the ability to analyze new data and trends that will help to craft future education initiatives.

CERTIFICATION



The RIMS-Certified Risk Management Professional certification (RIMS-CRMP) formally launched in 2016. The purpose of the RIMS-CRMP is to support and elevate the practice of risk management from a discipline to a globally recognized profession.

Over 120 risk professionals were present for the pilot exam administered at RIMS 2016 Annual Conference & Exhibition in San Diego. This administration was crucial to test the performance of the exam questions and to ensure that the Society developed a valid, reliable and legally defensible examination. Eighty-nine risk professionals earned their RIMS-CRMP credentials by passing the exam at the conference with representation from five countries.

The Certification Department also established the RIMS-CRMP Certification Commission in June. The purpose of the Commission is to uphold the policies and procedures of the certification department, address ethical or recertification issues and to help support the execution of the RIMS-CRMP Strategic Plan. The Commission nominations were supported by RIMS Board of Directors.

The RIMS-CRMP officially launched online in October at Pearson VUE testing centers worldwide. Candidates for the exam were able to complete the application process online via the Society's newly updated certification application system. With this system, candidates are now able to schedule their exam online almost anywhere in the world and immediately access their exam results.

The RIMS-CRMP also grew internationally with the support of Nanyang Technical University (NTU) in Singapore. NTU is in the process of developing a RIMS-CRMP Prep Course for regional applicants who want to prepare and access education for the RIMS-CRMP exam. It is the first university internationally to offer such a course.

In December, the Certification Department completed a preliminary audit of ISO 17024 standards. As a certification program, the RIMS-CRMP program must meet all 120 standards when the application is submitted in 2017. The exam development process continues to meet the criteria for ANSI ISO/IEC 17024 accreditation. This is an important strategic goal as compliance with the ISO 17024 standard is consistent with recommended industry best practices.

GOVERNMENT AFFAIRS



In 2016, RIMS supported numerous cybersecurity bills introduced in both the House and Senate which would create a universal reporting standard across the country in the event of a data breach. Other issues involved captive insurers, the National Flood Insurance Program reauthorization and legislation that would curb frivolous American Disability Act (ADA) lawsuits on business owners.

In May, RIMS submitted comments to the Federal Insurance Office on a proposed rule concerning the Department of the Treasury's implementation of the Terrorism Risk Insurance Program. RIMS also submitted a letter of support to Senator Patrick Leahy regarding the Captive Insurers Clarification Act (S.1561). This bill would remove captives from the Nonadmitted and Reinsurance Reform Act.

At the state level, a successful legislative event was held in Sacramento, California in March.

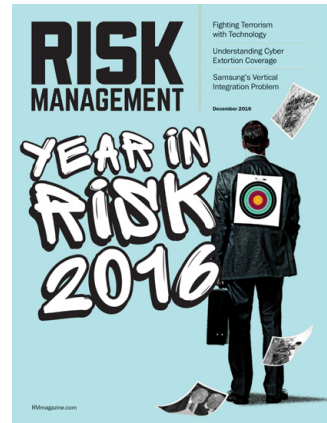
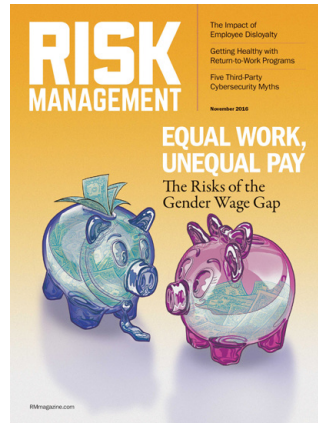
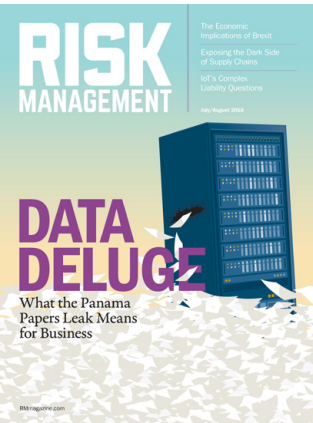
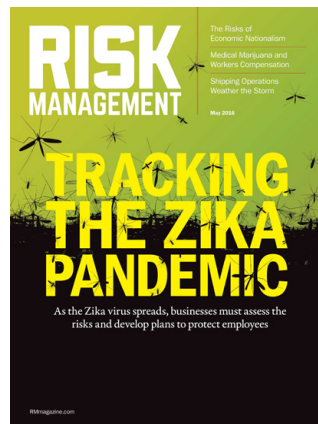
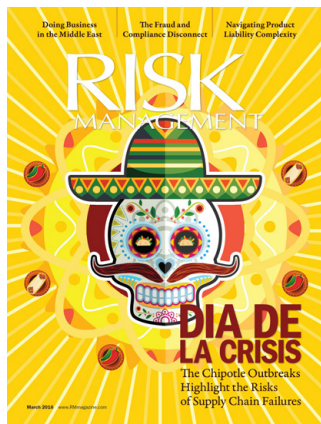
More than 35 RIMS members attended RIMS Legislative Summit in June. Attendees from 14 states met in Washington, D.C. to lobby

their members of Congress on RIMS legislative priorities. The group met with more than 60 House and Senate offices during their Congressional visits. Issues discussed were cybersecurity, captive insurers, the National Flood Insurance Program reauthorization and ADA lawsuits. The keynote speaker was Congresswoman Marsha Blackburn (R-TN).

In 2016, RIMS Political Action Committee (RISK PAC) received over \$10,000 in contributions from more than 30 RIMS members and like-minded political action committees. On April 11, RISK PAC held its annual fundraising reception at RIMS 2016 Annual Conference & Exhibition in San Diego. San Diego Mayor Kevin Faulconer was the guest speaker. RISK PAC also co-hosted a fundraiser for Congresswoman Marsha Blackburn during the Legislative Summit.

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

PUBLICATIONS



The Publications Department continued its mission to produce industry-leading information and analysis for RIMS members and the risk management community, both in print and digitally.

Throughout 2016, *Risk Management* magazine covered a variety of topics, with articles on cybersecurity, reputation risk, disaster preparedness, supply chain concerns and emerging technology risks. In addition, RIMS published more online exclusive content on RMmagazine.com than ever before and continued to support the magazine's members-only digital edition, which is optimized for smartphone and tablet viewing.

The magazine and its art director Andrew Bass were recognized with four Azbee Awards of Excellence by the American Society of Business Publications Editors (ASBPE) for article layout and design. ASBPE's Azbee Awards of Excellence program is one of the most competitive honors for business-to-business, trade, association and professional publications.

The magazine's official blog, the Risk Management Monitor, continued to be a popular resource for the latest risk management news and analysis, featuring posts from RIMS staff and industry experts.

The department produced a number of white papers and reports in conjunction with various RIMS departments and committees to showcase the Society's expertise, including "Bridging Strategy and Implementation with SRM," "Decoding Political Risk Management," "Developing Risk Appetite Statements," "Improving Strategic Risk Management with Macro Risk Analysis," "Risk Taker vs. Risk Manager: Building a Bridge Between Strategy and Risk Management," and "The Risk Manager's Role in M&As," as well as a joint paper with the Property Casualty Insurers Association about the benefits of developing an ORSA report (published in 2017).

In collaboration with the RIMS Canada Council (RCC), the department also took over production of the quarterly RCC newsletters.

TECHNOLOGY



Reliance on technology continues to escalate, making RIMS information technology capabilities critical to the Society's growth and sustainability. With members located around the world, more information, more resources, more education opportunities and more networking channels are now available online.

To meet the expectations and professional needs of RIMS members and to provide RIMS staff with the tools to complete their tasks, the Society has invested in strengthening its online security, outreach capabilities, virtual resources and internal technology.

In 2016, RIMS Information Technology Group (RIMS IT) successfully stopped a ransomware attack. The team collaborated with its outside disaster recovery vendor, implemented its onsite backup system and utilized its collective knowledge to isolate and mitigate the attack, restoring critical data necessary for business continuity.

The attack prompted RIMS IT to conduct its yearly in-depth security risk assessment and vulnerability assessment that included social engineering employees and examining internal and external penetration exposures. In addition to successfully testing the Society's vulnerabilities, RIMS IT implemented Malwarebytes enterprise edition on all servers, desktops and laptops to protect the Society from malicious attacks sent through email. This complements the previously implemented ProofPoint email scanning solution adding an in-depth layer of email security.

Ensuring that the Society is able to communicate effectively – to the right audiences – remained a focus for RIMS IT in 2016. The group developed targeted online distribution lists by successfully addressing all Informz contact database queries. New enhancements and additional security was added to the Contact Manager application, allowing RIMS Chapters to connect with new members more efficiently utilizing RIMS email server to send,

track and report on messages delivered. And, the “Online Join” feature on the RIMS website was improved to increase its speed and ease of use, as well as its ability to capture important member demographics.

For RIMS members, the RIMS Canada Conference page was redesigned to offer a more user-friendly interface. Also, with the RIMS-CRMP certification webpage launched and available to applicants, RIMS IT furthered its development by beginning to engineer the page's recertification process component.

In advance of the RIMS Membership structure changes slated for 2017, RIMS IT was tasked with updating netFORUM, the Society's membership database. The group added three new member types to netFORUM and completed naming conventions for them (changes included: Affiliate Member to Transitional Member, Deputy to Professional, Corporate to Organizational).

To ensure that RIMS staff was equipped to deliver value to membership, several enhancements were made to the Society's internal technology infrastructure. In 2016, RIMS IT completed a Higher Logic integration with the netFORUM database and re-engineered many of the custom stored procedures. Additionally, a netFORUM enterprise upgrade was completed. RIMS IT also upgraded the VMWare environment to the newest version and continued infrastructure technology and hardware refreshes to improve performance and security.

In 2016, RIMS IT began work on a universal repository within netFORUM for demographics that will facilitate ease of use for RIMS members, staff and enhance the Society's marketing capabilities. This project will continue in 2017.

TREASURER'S REPORT

The following commentary highlights the December 31, 2016 audited financial statements of the Risk and Insurance Management Society, Inc. (RIMS) and Subsidiary.

CONSOLIDATED BALANCE SHEET

- Net assets (retained earnings/reserves) at the end of 2016 were \$12,684,010, which represented a \$474,108 increase from the end of 2015.
- Investments are down \$123,874 due to the gains throughout 2016 less funds used to purchase the Risk Manager of the Year and Risk Management Honor Roll recognition programs and charitable contributions to the Spencer Educational Foundation and the William H. McGannon Foundation.
- Contributions payable increased by \$300,000, which represents the outstanding balance of the multiyear donation made to the Spencer Educational Foundation.
- Deferred conference revenue decreased by \$402,774 in 2016, the difference is due to a delay in timing of vendor payments for RIMS 2017 Annual Conference & Exhibition exhibits and sponsorships.

CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES

- Total Revenues excluding investments increased by \$216,089.
- Revenue from all RIMS events decreased by \$54,538 with the RIMS Annual Conference and Exhibition representing \$9,587,161 of the total events revenue.
- RIMS 2016 Annual Conference & Exhibition saw:
 - Registration revenue rise by \$62,716
 - Exhibition revenue increase by \$36,360
 - Sponsorship revenue decrease by \$19,546
 - Revenue from the ERM Conference decreased by \$52,748 due to a decrease in attendance attributed to the conference being moved from Chicago in 2015 to Atlanta in 2016.
- Membership dues income increased by \$68,776 due to modest growth in RIMS membership.
- Advertising revenue increased by \$180,582 due to stronger sales in both the print and digital products.

PROGRAM EXPENSES INCREASED BY \$859,995

- Expenses for conferences and other events increased by \$121,569; principal factors were:
 - San Diego is a higher cost city than New Orleans leading to increases in equipment rental (+\$75,029), opening reception (+\$84,951), ballroom events (+\$83,466) and registration expense (+\$34,688).
 - Sponsorship expenses decreased by \$43,890 which created higher profit margins in this area compared to 2015.
 - ERM Conference expenses decreased by \$57,694 due to lower local costs.
- Professional development expenses increased by \$55,772 due to funding for expanded course development and additional technology tools.

- RIMS Strategic and Enterprise Risk Practice expanded to Strategic Initiatives that includes global initiatives and increased by \$519,350 due primarily to:
 - Expenses related to those RIMS global initiatives including the addition of new risk forums and international outreach \$191,606.
 - Three full-time positions were added to this area in 2016 to aid in RIMS global initiatives.

SUPPORTING SERVICES EXPENSES DECREASED BY \$18,033

- General and Administration includes four departments: General and Administration, Information Technology, Certification, and Finance and Accounting. Combined, these expenses increased by \$207,346 in 2016.
 - BDO, RIMS auditors in 2016, reevaluated and adjusted the overhead allocation method that was used in prior years. This resulted in a higher portion of these expenses remaining in General and Administration.

CONSOLIDATED STATEMENTS OF CASH FLOWS

- The significant changes from 2015 to 2016 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,



Steve Pottle, CIP, CRM
RIMS Treasurer

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Financial Statements and
Supplementary Information
Year Ended December 31, 2016

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2016

Risk and Insurance Management Society, Inc. and Affiliate

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Risk and Insurance Management Society, Inc. and Affiliate (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 auditor's 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 Affiliate, Inc. as of December 31, 2016, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and statement of activities on pages 20 and 21 are presented for purpose 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 in 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 to 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

Information for the year ended December 31, 2015 is presented for comparative purposes only and was extracted from the consolidated financial statements of Risk and Insurance Management Society, Inc. and Affiliate for that year, on which other auditors expressed an unmodified opinion dated April 8, 2016.

BDO USA, LLP

May 15, 2017

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Financial Position (with comparative totals for 2015)

<i>December 31,</i>	2016	2015
Assets		
Current:		
Cash and cash equivalents	\$ 2,259,394	\$ 1,904,469
Investments at fair value (Note 4)	14,841,566	14,965,440
Advertising receivables	258,392	180,436
Other receivables, net of allowance for doubtful accounts of \$30,000 for 2016 and 2015, respectively	99,224	143,004
Prepaid conference expenses	583,212	759,569
Other current assets	435,746	343,401
Total Current Assets	18,477,534	18,296,319
Assets Limited as to Use (Note 8)	136,777	136,777
Investments Held for Chapters	54,214	68,950
Property and Equipment, Net (Note 5)	864,835	1,137,273
Intangible Asset	314,191	-
	\$19,847,551	\$19,639,319
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 527,320	\$ 590,183
Accrued payroll and related benefits	582,972	556,364
Contributions payable to affiliate - current portion (Note 6)	150,000	-
Deferred conference revenue	3,657,735	4,060,509
Deferred dues revenue	1,735,167	1,734,349
Other deferred revenue	71,701	36,569
Deferred rent, current portion	148,062	110,759
Total Current Liabilities	6,872,957	7,088,733
Contributions Payable to Affiliate, Net of Current Portion (Note 6)	150,000	-
Deferred Rent, Net of Current Portion	86,370	271,734
Liability for Chapter Investments	54,214	68,950
Total Liabilities	7,163,541	7,429,417
Commitments and Contingencies (Notes 7 and 8)		
Net Assets:		
Unrestricted	12,684,010	12,209,902
	\$19,847,551	\$19,639,319

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Activities (with comparative totals for 2015)

Year ended December 31,

	2016	2015
	(Unrestricted)	
Revenues, Gains and Other Support:		
Conferences	\$10,015,059	\$10,069,597
Membership dues	2,467,623	2,398,847
Advertising	1,544,750	1,364,168
Publications	58,448	56,785
Membership and chapter services	593,496	478,399
Professional development	533,058	650,552
Other revenue	511,647	489,644
Investment income (loss), net (Note 4)	1,009,717	(412,687)
Total Revenues, Gains and Other Support	16,733,798	15,095,305
Expenses:		
Program services:		
Conference	4,642,586	4,521,017
Publications	722,821	726,568
Professional development	494,484	438,712
Marketing	1,522,479	1,381,985
Member and chapter services	112,578	131,125
Government affairs	367,913	322,809
Strategic and enterprise risk practice	591,985	72,635
Total Program Services	8,454,846	7,594,851
Supporting services:		
General and administration	7,282,359	7,075,013
Membership recruitment	521,313	746,692
Total Supporting Services	7,803,672	7,821,705
Total Expenses	16,258,518	15,416,556
Change in Net Assets Before Foreign Currency Exchange Loss	475,280	(321,251)
Foreign Currency Exchange Loss (Notes 10 and 11)	(1,172)	(157,109)
Change in Net Assets	474,108	(478,360)
Net Assets, Beginning of Year	12,209,902	12,688,262
Net Assets, End of Year	\$12,684,010	\$12,209,902

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Cash Flows (with comparative totals for 2015)

<i>Year ended December 31,</i>	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	\$ 474,108	\$ (478,360)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	392,981	533,530
Provision for bad debt	71,966	-
Realized gain on investments	(23,191)	(62,699)
Unrealized (gain) loss on investments	(787,218)	797,296
(Increase) decrease in assets:		
Advertising receivables	(77,956)	105,331
Other receivables	(28,186)	81,853
Prepaid conference expenses	176,357	(151,792)
Other current assets	(92,345)	5,544
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(62,863)	21,611
Accrued payroll and related benefits	26,608	(95,073)
Contributions payable to affiliate	300,000	(100,000)
Deferred conference revenue	(402,774)	(209,025)
Deferred dues revenue	818	479,871
Other deferred revenue	35,132	(443,295)
Deferred rent	(148,061)	(110,759)
Net Cash (Used In) Provided By Operating Activities	(144,624)	374,033
Cash Flows From Investing Activities:		
Purchases of investments	(5,048,890)	(17,406,602)
Proceeds from investments	5,983,173	16,900,903
Purchases of property and equipment	(120,543)	(263,800)
Purchase of Intangible asset	(314,191)	-
Net Cash Provided By (Used In) Investing Activities	499,549	(769,499)
Net Increase (Decrease) in Cash and Cash Equivalents	354,925	(395,466)
Cash and Cash Equivalents, Beginning of Year	1,904,469	2,299,935
Cash and Cash Equivalents, End of Year	\$ 2,259,394	\$ 1,904,469

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Description of the 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.

2. Principles of Consolidation

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

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP" or "GAAP"). Management of the Organization makes estimates and judgments in preparing financial statements in accordance with such accounting principles. Those estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may vary from the reported results.

(b) 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.

(c) 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 in the allowance for doubtful accounts. Any subsequent write-offs are made directly against the allowance.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

(d) Allowance for Doubtful Accounts

The Organization fully provides an allowance for doubtful accounts for accounts receivable specifically identified by management for which collectability is uncertain. For 2016, the allowance for doubtful accounts was \$30,000.

(e) Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the evaluation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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.

(f) Investment Income

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Investments of the Organization are valued at fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

(g) Property and Equipment

Property and equipment are reported at historical cost. The Organization depreciates property and equipment using the straight-line method (half-year convention in the year of acquisition or placement into service) over the estimated useful lives of the assets.

(h) Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31 2016, there have been no such losses.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

The estimated useful lives of the assets are as follows:

	Estimated Useful Lives
Computer software	4 - 7 years
Furniture and office equipment	7 years
Computer hardware	3 - 4 years

Leasehold improvements are amortized over the term of the lease or the life of the improvement, whichever is less. 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. It is the Organization's policy to capitalize fixed asset purchases in excess of \$1,000.

(i) Indefinite-Lived Intangible Assets

During 2016, RIMS purchased the trademark for the Risk Manager of the Year Award, an award created with the intent of increasing recognition of the risk management profession and to recognize outstanding performance in the practice of risk management. The Trademark's carrying amount is tested for impairment in accordance with Accounting Standards Codification ("ASC") 350, "Intangibles-Goodwill and Other," or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the indefinite-lived intangible asset with its carrying amount. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess. There were no impairment losses recognized in 2016.

(j) Deferred Revenue

Deferred revenue consists of membership dues, professional development, magazine subscriptions, conference attendance, sponsorships and exhibit fee 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.

(k) 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.

(l) Accounting for Uncertainty in Income Taxes

RIMS is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (the "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 carryforwards of approximately \$630,000 at both December 31, 2016 and 2015. RIMS Canada Council, formerly the Canadian Risk Management Council, a program of RIMS, is exempt from tax under Canadian tax laws.

GRMI has qualified as a charitable organization which is exempt from tax under Section 501(c)(3) of the Code and, therefore, has made no provisions for income taxes in the accompanying consolidated financial statements. GRMI has been determined by the Internal Revenue Service (the "IRS") to not

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

be a "private organization" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2016.

Under ASC 740, "Income Taxes," an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2016, there were no interest or penalties recorded or included in the statement of activities. The Organization is subject to routine audits by a taxing authority. As of December 31, 2016, the Organization was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination for the years prior to 2013.

(m) Revenue Recognition

Membership dues are recorded as revenue during the applicable membership period. The portion of such dues which has not been recognized represents the deferred revenue balance at year-end. No portion of such dues is allocated to subscription revenues in the financial statements. Advertising revenues and conference revenues are recorded as revenue when the applicable publications are issued or conference has occurred.

(n) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(o) Credit Risk Concentration

Financial instruments that potentially subject the Organization to significant concentrations 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 account materially exceeded the federally insured limit. Investments are subject to market fluctuations and principal is not guaranteed.

(p) Functional Allocation of Expenses

The costs of providing the various programs and supporting activities 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.

(q) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of financial position, statement of activities and statement of cash flows, the prior year amounts are presented on a consolidated basis rather than by affiliate. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

(r) Reclassifications

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation.

(s) Recently Issued Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

The standard is effective for annual periods beginning after December 15, 2018, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

Accounting for Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal years beginning after December 15, 2019 and the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02.

Financial Statements of Not-for-Profits

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) - Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Organization's consolidated financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

4. Investments and Fair Value Measurements

The following tables show, by level within the fair value hierarchy, the Organization's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2016. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There were no transfers between levels during the year ended December 31, 2016.

December 31, 2016

Description	Fair Value Measurement at Reporting Date Using			Balance as of December 31, 2016
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 762,346	\$-	\$-	\$ 762,346
Publicly traded partnerships	614,636	-	-	614,636
Domestic equity mutual funds	7,442,228	-	-	7,442,228
International equity mutual funds	2,531,914	-	-	2,531,914
Fixed income mutual funds	3,490,442	-	-	3,490,442
	<u>\$14,841,566</u>	<u>\$-</u>	<u>\$-</u>	<u>\$14,841,566</u>

Investment income as of December 31, 2016 consists of the following:

December 31, 2016

Interest and dividends	\$ 248,226
Realized gain on investments	23,191
Unrealized gain on investments	787,218
Less: Investment management fees	(48,918)
	<u>\$1,009,717</u>

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP as discussed in Note 2. A description of the valuation techniques applied to the Organization's major categories of assets measured at fair value are as follows:

Money Market Funds

Money market funds are valued at cost, which approximates fair value due to the short-term maturity of the instruments.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Equities and Publicly Traded Partnerships

The Organization's holdings in equity securities and publicly traded partnerships are determined by quoted market prices. These investments can be liquidated daily. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Mutual Funds

The Organization has investments in mutual funds, which are invested primarily in investment-grade bonds and equity securities. For these investments, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's net asset value ("NAV") is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 1 within the fair value hierarchy.

5. Property and Equipment, Net

Property and equipment, net consists of the following at December 31, 2016:

December 31, 2016

Leasehold improvements	\$ 1,375,459
Computer software	2,717,284
Furniture and office equipment	841,243
Computer hardware	1,040,814
	<hr/> 5,974,800
Less: Accumulated depreciation and amortization	(5,109,965)
	<hr/> \$ 864,835

Depreciation and amortization expense was \$392,981 in 2016.

6. Related Party Transactions

RIMS provides office space and administrative services to Spencer Educational Foundation, Inc. (the "Foundation"), an affiliated organization, for which it receives administrative fees. The fees from the Foundation amounted to \$407,361 in 2016. The fees are included in other revenue on the consolidated statement of activities. The Foundation had no amounts due to RIMS at the end of 2016.

Several RIMS chapters contributed \$118,345 to the Foundation. During 2016, the Board of Directors of RIMS approved a \$450,000 multi-year pledge to the Foundation. The pledge is payable over a three-year period and, at December 31, 2016, \$300,000 was outstanding.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

7. 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, Plan up to 50% of the participant's first 4% of salary. In addition, during 2016, 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 2016, discretionary contributions of 2% of staff's compensation were made. Expenses for this Plan amounted to \$438,731 for the year ended December 31, 2016.

8. Commitments and Contingencies

In September 2004, RIMS entered into an operating lease for space commencing March 1, 2005 and expiring July 13, 2018. 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.

As a requirement to obtain the lease, the Organization holds certificates of deposit as collateral against the letter of credit that were obtained to serve as a deposit for the Organization's lease. These certificates of deposit are classified as assets limited as to use on the consolidated statement of financial position and have a balance of \$136,777 for the year ended December 31, 2016.

The future minimum annual rental payments on the office lease at December 31, 2016 are as follows:

Year ending December 31,

2017	\$ 679,739
2018	396,514
	<hr/> \$1,076,253

Rent expense for office space, including escalation and maintenance charges, was \$522,590 and \$563,135 for the years ended December 31, 2016 and 2015, respectively. Equipment lease expense was \$96,572 and \$99,159 for the years ended December 31, 2016 and 2015, respectively.

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.

9. 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 professional, attracting approximately 10,000 risk professionals (member, non-members and exhibitors) worldwide. This prestigious event offers its attendees the widest range of educational programs, networking opportunities and communications of significant happenings that impact risk management.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Publications

Risk Management magazine is RIMS's flagship publication. It is produced ten times per 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. Risk-Wire, 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, course casts, 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 resources 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 Professional Community, the RIMS Anita Benedetti Student Involvement Program and the Student Resource Center.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

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 development via the RIMS website, newsletters and e-mail alerts. RIMS incurred expenses of \$411,440 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 consultants 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.

10. Foreign Currency Translation

The Organization has bank accounts in Canada. The cash balances in these accounts are translated at the rates of exchange at the balance sheet date. The effect of such translation adjustments for the year ended December 31, 2016 was a decrease in net assets of \$1,172.

11. RIMS Canada Council

The RIMS Canada Council ("RCC") is a committee of RIMS. The RCC supports, promotes and coordinates risk management in Canada by means of standing subcommittees. The RCC also coordinates the annual RIMS Canada Conference, hosted by one of the 10 local Canadian chapters.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Assets and liabilities of the RCC are as follows:

December 31, 2016

Cash and cash equivalents	\$396,038
Prepaid conference expenses	118,364
Net assets	\$514,402

Revenues and expenses of the RCC are as follows:

Year ended December 31, 2016

Other revenue	\$ 156,242
Interest and investment loss	21,379
Foreign exchange transaction loss	(2,417)
Expenses	(100,522)
Change in net assets	\$ 74,682

12. Subsequent Events

The Organization has evaluated subsequent events through May 15, 2017, which is the date these consolidated financial statements were available to be issued. No events arose during the period which would require additional disclosures.

Supplementary Information

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Operational Revenues, Expenses and Change in Net Assets

Year ended December 31, 2016

	(Unrestricted)
Revenues per consolidated income statement	\$16,733,798
Less: Gain on investments	(1,009,717)
Total Operational Revenues, Gains and Other Support	15,724,081
Expenses per consolidated income statement	16,258,518
Board designated expenses:	
OPIS	82,946
Certification	337,864
Global initiative	90,288
Charitable contributions	508,500
Total Operational Expenses	15,238,920
Change in Operational Net Assets Before Foreign Currency Exchange Loss	485,161
Foreign Currency Exchange Loss (Notes 10 and 11)	(1,172)
Change in Operational Net Assets	\$ 483,989

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Statement of Financial Position (with comparative totals for 2015)

December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Eliminations	Consolidated	
				2016	2015
Assets					
Current:					
Cash and cash equivalents	\$ 1,814,646	\$ 444,748	\$ -	\$ 2,259,394	\$ 1,904,469
Investments, at fair value	13,929,426	912,140	-	14,841,566	14,965,440
Advertising receivables	258,392	-	-	258,392	180,436
Other receivables	96,159	30,060	(26,995)	99,224	143,004
Prepaid conference expenses	583,212	-	-	583,212	759,569
Other current assets	415,746	20,000	-	435,746	343,401
Total Current Assets	17,097,581	1,406,948	(26,995)	18,477,534	18,296,319
Assets Limited as to Use	136,777	-	-	136,777	136,777
Investments Held for Chapters	54,214	-	-	54,214	68,950
Property and Equipment, Net	864,835	-	-	864,835	1,137,273
Intangible Asset	314,191	-	-	314,191	-
	\$18,467,598	\$1,406,948	\$(26,995)	\$19,847,551	\$19,639,319
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 479,445	\$ 74,870	\$(26,995)	\$ 527,320	\$ 590,183
Accrued payroll and related benefits	582,972	-	-	582,972	556,364
Contributions payable to affiliate, current portion	150,000	-	-	150,000	-
Deferred conference revenue	3,657,735	-	-	3,657,735	4,060,509
Deferred dues revenue	1,735,167	-	-	1,735,167	1,734,349
Other deferred revenue	71,701	-	-	71,701	36,569
Deferred rent, current portion	148,062	-	-	148,062	110,759
Total Current Liabilities	6,825,082	74,870	(26,995)	6,872,957	7,088,733
Contributions Payable to Affiliate, Net of Current Portion	150,000	-	-	150,000	-
Deferred Rent, Net of Current Portion	86,370	-	-	86,370	271,734
Liability for Chapter Investments	54,214	-	-	54,214	68,950
Total Liabilities	7,115,666	74,870	(26,995)	7,163,541	7,429,417
Net Assets:					
Unrestricted	11,351,932	1,332,078	-	12,684,010	12,209,902
	\$18,467,598	\$1,406,948	\$(26,995)	\$19,847,551	\$19,639,319

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Statement of Activities (with comparative totals for 2015)

Year ended December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Eliminations	Combined	
				2016	2015
Revenues, Gains and Other Support:					
Conference	\$10,015,059	\$ -	\$ -	\$10,015,059	\$10,069,597
Membership dues	2,467,623	-	-	2,467,623	2,398,847
Advertising	1,544,750	-	-	1,544,750	1,364,168
Publications	58,448	-	-	58,448	56,785
Membership and chapter services	593,496	-	-	593,496	478,399
Professional development	251,437	281,621	-	533,058	650,552
Other revenue	556,647	-	(45,000)	511,647	489,644
Investment income, net	950,261	59,456	-	1,009,717	(412,687)
Total Revenues, Gains and Other Support	16,437,721	341,077	(45,000)	16,733,798	15,095,305
Expenses:					
Program services:					
Conferences	4,642,586	-	-	4,642,586	4,521,017
Publications	722,821	-	-	722,821	726,568
Professional development	391,554	102,930	-	494,484	438,712
Marketing	1,522,479	-	-	1,522,479	1,381,985
Member and chapter service	112,578	-	-	112,578	131,125
Government affairs	367,913	-	-	367,913	322,809
Strategic and enterprise risk practice	591,985	-	-	591,985	72,635
Total Program Services	8,351,916	102,930	-	8,454,846	7,594,851
Supporting services:					
General and administration	7,209,633	117,726	(45,000)	7,282,359	7,075,013
Membership recruitment	521,313	-	-	521,313	746,692
Total Supporting Services	7,730,946	117,726	(45,000)	7,803,672	7,821,705
Total Expenses	16,082,862	220,656	(45,000)	16,258,518	15,416,556
Change in Net Assets Before Foreign Currency Exchange Gain (Loss)					
	354,859	120,421	-	475,280	(321,251)
Foreign Currency Exchange Gain (Loss)					
	28,382	(29,554)	-	(1,172)	(157,109)
Change in Net Assets	383,241	90,867	-	474,108	(478,360)
Net Assets, Beginning of Year	10,968,691	1,241,211	-	12,209,902	12,688,262
Net Assets, End of Year	\$11,351,932	\$1,332,078	\$ -	\$12,684,010	\$12,209,902