

RISK AND
INSURANCE
MANAGEMENT
SOCIETY **2017
ANNUAL
REPORT**

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LETTER FROM LEADERSHIP



The integration of risk management into global business economies has challenged today's risk professionals to think big. A new wave of technology, political and environmental uncertainties and other emerging trends have challenged practitioners to test their ability to effectively understand, manage and leverage risk, while providing their organizations with critical support to achieve their strategic objectives.

Risk professionals have taken action to continue to build their professional legacies and, as a united RIMS community, contribute to the advancement of risk management. In 2017, the Society made tremendous strides to deliver new opportunities and critical resources to help risk professionals to meet and exceed expectations.

Highlights from 2017 included the addition of new membership categories, opening access to RIMS membership globally. The new categories are a pathway for all risk professionals, at all levels of experience, from varied geographic areas and industries.

Globally, the Society identified India, China, and the ASEAN region to focus its global development efforts. We continue to build our Regional Advisory Groups in these areas to help RIMS better understand the needs of local professionals. Initiatives in 2017 included the very first Risk Summit in Mumbai and RIMS Risk Management Forum in Beijing. These new RIMS events were a well-received addition to our already outstanding lineup of global events.

RIMS-CRMP certification continued to gain traction in 2017. The certification became internationally accredited by the American National Standards Institute (ANSI) under the ISO/IEC 17024:2012 standard. As the first risk management certification in the world to achieve this accreditation, it now provides an even greater opportunity for risk professionals to demonstrate their knowledge and skills.

Other key 2017 initiatives included RIMS External Affairs Committee's efforts to support the reauthorization of the National Flood Insurance Program and the EU-U.S. Covered Agreement, new surveys such as the ERM Benchmark, Business Interruption and Cyber, the tremendous success of the Society's first Cyber Risk Forum, as well as the revised Professional Growth Model, the Core Competency Model and the numerous articles published in Risk Management magazine and in the Society's Risk Knowledge library.

RIMS success is a credit to our dedicated, active and engaged members. Because of them, the Society continues to gain recognition around the world as the go-to source for leading resources, content, education and networking opportunities for the risk management professional. Together, we are successfully addressing both longstanding and emerging risks, ensuring that our organizations are positioned for success. Together, we are positively impacting the future of the profession and building a powerful and sustainable global risk management community for years to come.

Sincerely,

Robert Cartwright, Jr.
2018 President
RIMS

Mary Roth
Chief Executive Officer
RIMS

RIMS BOARD OF DIRECTORS



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Health, Safety & Sustainability
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Ellen Dunkin, Esq.

Senior Vice President, General Counsel
& Chief Risk Officer
Amalgamated Life Insurance Company



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Senior Director, Insurance - Americas
Marriott International, Inc.



Laura Langone, JD, MBA

Senior Director, Global Risk Management
and Insurance
PayPal, Inc. Holdings



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Senior Vice President
& Chief Risk Officer
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Director, Risk Management
Novartis Pharmaceutical Corp.



Nowell R. Seaman, RIMS-CRMP, CRM, FCIP

Ex Officio
Director, Global Insurance
and Risk Management
Nutrien Ltd.



Patrick Sterling, SPHR, SHRM-SCP

Senior Director, Legendary People
and Risk Management
Texas Roadhouse

ABOUT RIMS



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 10,000 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.

Mission and Goals

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

RIMS Standing Committees, Councils & Commissions

Annual Conference Programming
Exhibits Advisory
External Affairs
Finance
International
Member and Chapter Engagement
Nominating and Governance
RIMS Canada
RIMS-CRMP Certification
Standards and Practices
Strategic and Enterprise Risk Management
Student Advisory

AWARDS & HONORS

Throughout the year, RIMS honors the commitment of its chapters and the risk profession's trailblazers. Below are the professionals and RIMS chapters that were recognized for their extraordinary contributions to the Society and risk management in 2017.



Harry and Dorothy Goodell Award

Scott B. Clark

Area Senior Vice President, Enterprise Risk Management Consultant
Arthur J. Gallagher & Co.

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.

Risk Manager of the Year

Loren Nickel

Director of Business Risk and Insurance
Google, Inc.

Risk Management Honor Roll

Benjamin Evans

Executive Director, Office of Risk Management and Insurance
University of Pennsylvania

Juliana J. Keaton

Director of Insurance
CSX Transportation Inc.

Scot Schwarting

Director of Risk Management
Whirlpool Corporation

Acquired by RIMS in 2017, The Risk Manager of the Year program – that includes the Risk Management Honor Roll – aims to raise the profile of the risk management profession and the outstanding programs practitioners have implemented within their organizations.

Risk Management Hall of Fame 2017 Inductees

- P. Richard Hackenburg
- Glen Frederick

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.

RIMS Rising Star Award

William Lehman

Insurance Specialist, Cook Group Incorporated

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

Debra Samuel

Manager, Insurance and Risk Management
Arconic Inc.

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.

2017 Spencer-RIMS Risk Management Challenge

First Place: **St. Joseph's University**

Second Place: **Appalachian 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 to a panel of judges at RIMS Annual Conference & Exhibition.

AWARDS & HONORS *(cont'd)*

Cristy Award

Michael Ratto

Risk Procurement Manager, Kraemer North America LLC

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

Donald M. Stuart Award

Tony Lackey

Director, Risk and Insurance Services
Carleton University

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.

Fred H. Bossons Award

Deborah Moor

Vice President, HIIG Underwriters Agency (Canada) Ltd.

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.

The J.D. Power 2016 Large Commercial Insurance Study Award

Top Performing Broker: **Lockton**

Top Performing Insurer: **XL Catlin**

The annual study measures risk professionals' satisfaction with commercial insurers and insurance brokers.

ERM Award of Distinction

Toronto Transit Commission

Honorable Mentions: **Argo Group** and **The Edmonton Police Services**

Presented annually at RIMS ERM Conference, the ERM Award of Distinction reviews the scope an organization's ERM program and how it engages different levels throughout the organization; the program's link or connection to the company's overall mission; and its ability to create additional value for the organization.

RIMS CHAPTER AWARDS PROGRAM

RIMS Chapter Awards Program (CAP) includes the Chapter Excellence Award and the Chapter Achievement Awards. This program acknowledges the work and dedication of RIMS chapters for overall excellence and outstanding achievement in a specific category. These awards, recognizing achievement during 2016, were bestowed in 2017.

Chapter Excellence

RIMS Oregon Chapter

The Chapter Excellence Award celebrates a chapter's commitment to providing local practitioners with essential resources and opportunities to enhance their organizations' risk management programs.

Chapter Achievement

- RIMS Broward County Chapter** – Education: Chapter Programming
- RIMS Chesapeake Chapter** – Community: Charity (Risk Management)
- RIMS Chicago Chapter** – Education: Student Involvement
- RIMS Delaware Valley Chapter** – Education: Chapter Programming
- RIMS New York Chapter** – Education: Special Chapter Events
- RIMS Pittsburgh Chapter** – Organization: Meeting Attendance
- RIMS Western Carolina Chapter** – Education: Chapter Meetings

MEMBERSHIP & MARKETING



New Membership Categories

In July 2017, RIMS launched new membership categories to help make membership more accessible and inclusive for risk professionals around the world.

The most significant changes include the creation of four new individual professional membership classes:

- Individual Professional Member
- Individual Young Professional Member (for new members age 25 and under)
- Individual International Professional Member (Developed Countries)
- Individual International Professional Member (Emerging Countries)

As RIMS looks to expand its influence worldwide, it became increasingly evident that new member categories were needed to address the needs of global organizations and practitioners, especially in regions where RIMS chapters are nonexistent. With a focus on China, the ASEAN region and India, the international categories recognize the varying economic factors globally.

Additionally, providing greater incentive to Rising Risk Professionals to become members is critical to the future of the Society. These membership changes now make the path to a RIMS membership even more attainable.

Risk Manager of the Year Awards Program

After its acquisition in 2016, the Society presented its first Risk Manager of the Year Award and Risk Management Honor Roll acknowledgements to deserving professionals at the RIMS 2017 Annual Conference & Exhibition in Philadelphia. This year's winner

was Loren Nickel, Director of Business Risk and Insurance at Google. Inductees to the RIMS Risk Management Honor Roll were Benjamin Evans, Executive Director, Office of Risk Management and Insurance at the University of Pennsylvania; Juliana J. Keaton, former Director of Insurance at CSX Transportation, Inc.; and Scot Schwarting, Director of Risk Management at Whirlpool Corporation.

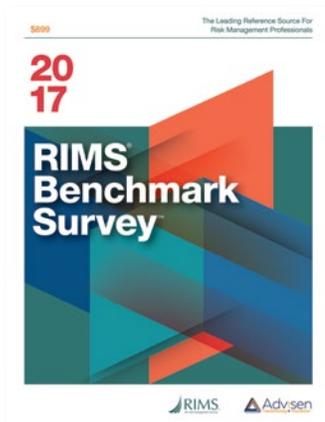
The Next Generation

In an effort to continue to strengthen RIMS' global network, for the first time, the Anita Benedetti Student Involvement Program expanded to include four grants for international students (outside the United States and Canada). Students from Peking University (Beijing), Fudan University (Shanghai) and the National Insurance Academy (Pune, India) joined 30 North American risk management and insurance students at RIMS Annual Conference. Initiated as a pilot program at the 1978 RIMS Annual Conference, the program recognizes exceptional students involved in the study of risk management, and has grown into a differentiating part of the Annual Conference experience.

At the Annual Conference, RIMS hosted the annual Spencer-RIMS Risk Management Challenge. Nine university teams were invited to participate (narrowed down from 23 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 St. Joseph's University.

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

MEMBERSHIP & MARKETING (cont'd)



Insurance Specialist at Cook Group Incorporated, was awarded for demonstrating exceptional initiative, volunteerism, professional development, achievement, and leadership potential.

Risk Management Hall of Fame

RIMS and American International Group, Inc. (AIG) announced Glen Frederick and P. Richard Hackenburg as the 2017 inductees to 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.

Honoring RIMS Chapters

To celebrate its commitment to providing local practitioners with essential resources and opportunities, RIMS presented a Chapter Excellence Award to the Society's Oregon Chapter at RIMS Annual Conference & Exhibition in Philadelphia.

Additionally, seven local chapters were presented with the Chapter Achievement Award for their efforts to develop and deliver exceptional educational offerings, innovative organizational strategies and events, as well as recognizing chapters for their student and community involvement.

The 2017 Chapter Achievement Award recipients are:

- RIMS Broward County Chapter – Education: Chapter Programming
- RIMS Chesapeake Chapter – Community: Charity (Risk Management)
- RIMS Chicago Chapter – Education: Student Involvement
- RIMS Delaware Valley Chapter – Education: Chapter Programming
- RIMS New York Chapter – Education: Special Chapter Events
- RIMS Pittsburgh Chapter – Organization: Meeting Attendance
- RIMS Western Carolina Chapter – Education: Chapter Meetings

Additionally, the Society recognized RIMS member Debra Samuels, inducting her into the RIMS Ambassadors Group. The honor recognizes her continued service with RIMS and her willingness to

go above and beyond to help strengthen and support the Society's strategic initiatives.

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 global community of risk professionals. Highlights include:

- J.D. Power Large Commercial Insurance Satisfaction Study
- 2017 RIMS Benchmark Survey
- RIMS Cyber Survey 2017
- RIMS Compensation Survey
- RIMS Marsh Excellence in Risk Management Report XIV
- RIMS 2017 Enterprise Risk Management Benchmark Survey
- 2017 LatAm Benchmark Survey
- Communicating the Value of ERM – The Benefits of Developing an Own Risk and Solvency Assessment Report
- A Risk Management Guide to Reservation of Rights
- Cyber Insurance – Considerations for Businesses
- RIMS Professional Growth Model (Updated)
- RIMS Risk Management Professional Core Competency Model (Expanded)
- RIMS Business Interruption Survey 2017
- Cyber Protection: What to Do Before and After a Cyber Incident
- A Common Language: Aligning Third-Party Contracts with Insurance Policies
- Understanding the Boundaries of Coverage for Risks Without Borders
- An Evolving Model for Board Risk Governance: Revisited
- Ties That Bind: Business Continuity Management, Resilience and Geopolitical Risk

Opis, RIMS member-only online network, saw continued growth in 2017. At the close of the year, 60 percent of RIMS members were regularly accessing the platform. The discussions in its networking forum covered a broad range of risk management trends, best practices including insurance strategies, enterprise risk management, cyber related risks and more.

STRATEGIC INITIATIVES

The Strategic Initiatives Practice 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 and influence internationally. By 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 February 2017, a RIMS China Delegation, led by RIMS CEO Mary Roth, RIMS President Nowell Seaman and Vice President Robert Cartwright, Jr., along with board members Laura Langone and Soubhagya Parija, advisor and RIMS Fellow Jugal Madaan and RIMS staff members Carol Fox and Steven Chou met with government officials, insurance companies, associations and universities in Mumbai, Pune, Hyderabad and New Delhi.

There, RIMS presented or hosted several events: the Institute of Directors (IOD) *Corporate Ethics and Risk Management Convention* as presenters and Knowledge Partner, a risk management roundtable in New Delhi, and a webcast sponsored by the Institute of Chartered Accountants of India (1,800 registrants).

RIMS established "RIMS Corners" at Peking University (Beijing) and the National Insurance Academy (Pune), featuring RIMS publications.

In late-2017, Robert Cartwright, Jr. was a featured speaker at an IOD event in Singapore and the Society held its inaugural Risk Forum in Beijing, drawing over 200 attendees. RIMS also held its inaugural India Risk Summit in New Delhi, as well as establishing Regional Advisory Groups in Singapore and India.

Content Development

RIMS' cross-functional content team conducts investigative research in developing engaging and relevant program content and identify emerging and popular topics and risk management trends.

Reports, Articles and Webcasts

The content team collectively produced 35 articles, studies and whitepapers, including seven Q&A's with successful risk management professionals about their organizations' ERM journeys (ongoing and online in the RIMS Strategic and Enterprise Resource Center). It also contributed to the delivery of 15 webcasts on various topics, archived on RIMS website.

Conference Programming

RIMS 2017 ERM Conference - Focusing on the value that enterprise risk management can provide, the seventh annual RIMS ERM Conference program was structured to provide participants with unique opportunities for learning and networking in an interactive environment.

The two-day conference in Los Angeles featured a keynote presentation by Professor Coulson-Thomas titled, "*The Future of Risk Management in an Uncertain World.*" At the conference,

STRATEGIC INITIATIVES *(cont'd)*

organizations were recognized for achieving Advanced Risk Maturity levels. Students from Appalachian State University, British Columbia Institute of Technology, Florida State University, Miami University, Olivet College, St. John's University, St. Joseph's University, Temple University, the University of Georgia and the University of Wisconsin-Madison participated in the conference through a grant from the Spencer Educational Foundation.

RIMS NextGen Forum 2017 – Held in Austin, Texas, the second annual 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, as well as enhancing the soft skills needed to navigate corporate structures and politics.

RIMS Cyber Risk Forum 2017 – Held in Las Vegas, this inaugural event attracted a balance of risk management and cyber professionals with the theme of *Breaking Down Barriers*. Sessions covered topics including how chief information security officers and risk managers can better collaborate, how risk management can take on additional cyber responsibilities, emerging cyber risks, best practices for mitigation and the latest in insurance coverages. The two-day event featured a keynote presentation by Peter Singer, writer and futurist.

RIMS 2017 Risk Forum Middle East – Held in Dubai, the third annual event featured sessions led by experienced speakers from Emirates National Oil Company, United Nations Office for the Coordination of Humanitarian Affairs (OCHA), ZE PowerGroup and more.

Standards Development

RIMS was involved in both the COSO ERM revision and the ISO 31000 risk management standard revision. RIMS is a member of the ANSI U.S. Technical Groups for both ISO 31000 (risk management) and ISO 45001 (safety and health). The chair of the Standards and Practices Council, Randy Jouben, serves as RIMS representative on the ISO 45001 TAG. RIMS staff member Carol Fox has served as chair of the US TAG to ANSI for TC 262 (risk management) for the past three years. She participated as head of delegation at the 2017 ISO TC 262 meeting in California. This year, the Standards and Practices Council published a RIMS Professional Report titled, *“Reservation of Rights.”*

Strategic Enterprise Risk Management Practices

ERM Committee and Strategic Risk Management Development Council members produced the following in 2017: *Communicating the Value of Enterprise Risk Management - The Benefits of Developing an Own Risk and Solvency Assessment Report; RIMS Professional Growth Model; and a newly expanded RIMS Risk Management Professional Core Competency Model.*

Members of the ERM Committee and Strategic Risk Management Council arranged the following webcasts: *Risk Sensing, Bridging Strategy and Implementation with SRM, and RIMS Development and Competency Models.*

RIMS staff produced the *“RIMS 2017 ERM Benchmark Survey”* and updated the *“An Evolving Model for Board Risk Governance: Revisited”* executive report.

RIMS Risk Summits 2017

Three RIMS Risk Summits were held in 2017 for risk executives in New York City (June), Denver (July) and Menlo Park, California (October).

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. Johns University, Adjunct Professor David Young of the University of Colorado and Dr. Carl Spetzler associated with Wharton and the University of Texas centered the full-day sessions that explored the strategic decisions made by three separate, well-known companies.

EVENTS & EDUCATION



Events

RIMS hosted more than 10,400 guests at its 55th Annual Conference & Exhibition in Philadelphia. RIMS 2017 offered attendees from more than 70 countries the opportunity to take advantage of over 160 education sessions. With more than 400 exhibiting companies, the Exhibit Hall offered attendees new solutions and partners. RIMS 2017 also offered new experience enhancements. It featured a new, immersive education experience called the “Executive Track.” The event received wide recognition for its innovative experiences, most notably for the aerialists that performed in the registration area. Stuart Ruff-Lyon, Vice President of Events and Education, was recognized by The Expo Group as a “Show Manager of the Year.”

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

RIMS ERM Conference 2017 was held in October in Los Angeles and attracted more than 300 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 Sydney, Beijing, and Dubai. The global forums continue to grow and help position the Society as *the* global risk management society. The Risk Forums are

intended to increase brand awareness and provide regionally specific risk management education to new markets. All of the forums were supported by local members and sponsors, and attended by RIMS President Nowell Seaman.

Education

In 2017, the Society's education team continued its mission to modernize education products and launched Opis-Ed, an online platform that now has over 1,800 registered users that are both members and non-members. Opis-Ed houses 13 online courses, 155 event presentations, and live streaming of RIMS events and webinars to further advance the organization's mission and vision. The new online *RIMS-CRMP Overview Course* was launched in December of 2017 and has furthered the scope of the RIMS-CRMP certification.

RIMS conducted 15 webinars in 2017. The webcasts covered a variety of topics ranging from international cyber risk, natural catastrophes, and ERM strategies. Overall, RIMS served 2,371 professionals with webinar offerings; 2,188 were members, whereas just 183 were non members.

In 2017, the Society offered 23 in-person workshops (two more than were offered in 2016, with nearly 230 risk practitioners in attendance – 17% y/y increase). Overall, the feedback on attendee surveys was positive, and attendees valued the interactive, networking environment of our workshops. A new workshop for the RIMS-CRMP certification was also created in 2017 and is ready for launch in 2018.

RIMS-CRMP CERTIFICATION



In 2017, certification (RIMS-CRMP) received official accreditation by the American National Standards Institute (ANSI) under ISO/IEC 17024:2012. The ANSI Accreditation of RIMS-CRMP signifies that the Institute recognizes the competence of RIMS to carry out certification activities in accordance with requirements defined in International Standards and confirms approval by government and peer review assessments.

With the accreditation, the RIMS-CRMP has become the only risk management certification in the world to earn such a status. The certification now conforms to international standards and reinforces the Society's commitment to continuous quality reviews and improvements. Achieving accreditation status for the RIMS-CRMP reaffirms the Society's commitment to excellence and delivering powerful programs for the global risk community. And, for our members, earning the RIMS-CRMP demonstrates the professional's dedication to their work while validating their risk management knowledge and skills.

RIMS-CRMP-Fed Micro-credential

RIMS and the Association for Federal Enterprise Risk Management (AFERM) entered into an agreement to create a micro-credential for the RIMS-CRMP. The RIMS-CRMP-Fed is being developed in response to the Office of Management and Budget Circular A-123 that urges Federal agencies to implement enterprise risk management to enhance decision-making. RIMS relationship with AFERM and the creation of the RIMS-CRMP-Fed will provide public sector risk professionals in the U.S. with a credential that spotlights their risk management expertise. The micro-credential is scheduled to be available in 2018.

RIMS-CRMP International Growth

The opportunity for risk professionals around the world to attain a RIMS-CRMP will become easier with three universities – in three different countries – in the process of developing the certification's first prep course. These universities are: Nanyang Technological University in Singapore, University of Toronto and Yeshiva University in New York.

Additionally, in 2017, RIMS opened up online testing for the RIMS-CRMP around the globe. With an approved application, candidates can now schedule their exam at a Person VUE test center located almost anywhere in the world.

RIMS-CRMP Recertification Program

The RIMS-CRMP Recertification Program was developed to ensure that all RIMS certified risk management professionals meet a standard of continued compliance to all policies and procedures while demonstrating a level of continued competence in the risk management profession. The program included the methodology and process for recertifying, as well as the development of needed technology to support the Recertification Portal – an online center that collects, aggregates and maintains records of qualifying recertification criteria.

Recertification and continuing education is an essential part of the RIMS-CRMP certification process. It enables certification holders to stay up to date on the most current risk management trends and practices. Certification holders are required to obtain 50 points of continuing education within a two-year period of which 35 points must be in the professional development category.

GOVERNMENT AFFAIRS



In 2017, RIMS worked diligently to get Congress to reauthorize the National Flood Insurance Program. RIMS members participated in over 30 meetings with Members of Congress and their staff to discuss this issue in-depth. Other issues supported by RIMS External Affairs Committee included legislation that would curb frivolous ADA lawsuits on business owners, as well as legislation to establish a universal reporting system for a cyber-breach.

A successful Legislative Summit was held in Washington D.C. on October 18-19, 2017. More than 30 RIMS members attended from 14 states to lobby members of Congress on RIMS' legislative priorities. Attendees met with more than 60 House and Senate offices during their Congressional visits, urging members to reauthorize the NFIP. During the Summit the RISK PAC held a fundraiser for Senator Mark Warner of Virginia.

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

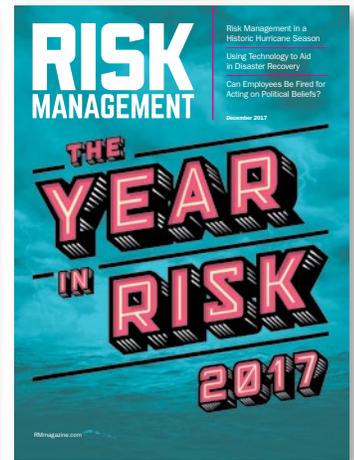
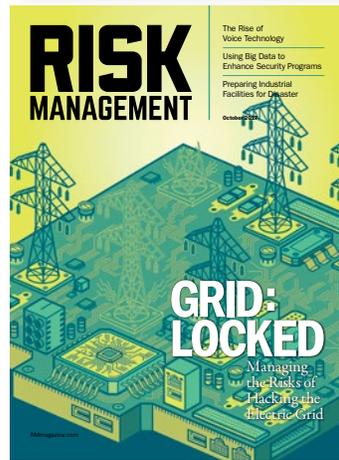
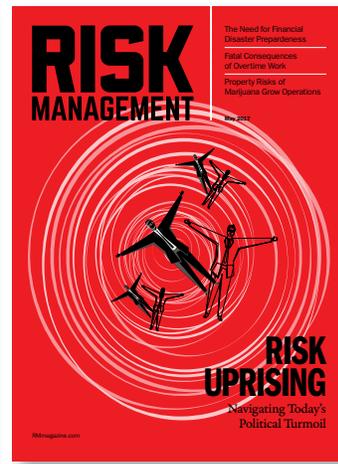
In April, the RISK PAC held its annual fundraising reception at the RIMS Annual Conference and Exhibition in Philadelphia.

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 standards.



PUBLICATIONS

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



Throughout 2017, *Risk Management* magazine covered a variety of topics, with articles on cybersecurity, enterprise risk management, disaster preparedness, political risk, supply chain concerns and emerging technology risks, as well as a special edition devoted to the Risk Manager of the Year Awards Program. In addition, the department 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's editorial staff was recognized with two 2017 Folio: Eddie awards for its cybersecurity coverage and a feature on the gender pay gap. The Folio: Eddie awards are sponsored by Folio, a publishing trade organization, and recognize excellence in magazine editorial across all sectors of the publishing industry. The magazine and its art director Andrew Bass were also recognized with six 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. This included papers on cybersecurity, contract management, terrorism, reservation of rights, and business continuity.

In collaboration with the RIMS Canada Council (RCC), the department produced three seasonal RCC newsletters to highlight events, resources and opportunities designed for risk professionals in the country.

INFORMATION TECHNOLOGY



To effectively serve RIMS global membership, in 2017, the RIMS Information Technology team (RIMS IT) focused on data and enabling RIMS staff and volunteers to connect with members more efficiently.

Throughout the year, RIMS IT assessed how the Society was storing member and potential member data, reviewing where it was stored and, most importantly, consolidating records which included ensuring record management systems were linked and communicating with one another.

Demographics

In 2017, all member records/demographics were successfully consolidated/merged and are now stored in one place in netFORUM. Prior to this, RIMS IT successfully completed a two-step process to upgrade netFORUM, the Society's association management system. The process included enterprise upgrades from 2014.1.9HF2 to SP 2014.1.11.3. Additionally, to make this transition possible an Import Tool was created that allowed for client records to sync from HigherLogic to netForum.

RIMS IT also integrated eShow exhibitor information into Tableau. This initiative now allows exhibitor information from RIMS Annual Conference & Exhibition, and other RIMS events that host exhibitors, to be consolidated into RIMS database, as well as provide staff with quick access to reports regarding exhibitor sales and capital spent. The next step in this process will be to implement this strategy for all RIMS conference attendees, sponsors and participants.

Membership

RIMS IT continued to play an important role in member relations activities. By completing all Informz queries, RIMS IT was able to provide staff with accurate constituent lists, allowing communications regarding Society initiatives to reach highly targeted audiences.

Similar to its work on Informz queries, RIMS IT re-wrote the Contact Manager application. The new version is intended to enhance the process for RIMS chapters to engage both local members and potential members.

In 2017, RIMS IT also worked to further strengthen the many resources and opportunities the Society offers to the risk management community. By completing a HigherLogic integration with the netFORUM database and custom stored procedures, active members who are engaged with existing resources such as OPIS, the Risk Professional Directory and the chapter community pages can expect a more seamless experience, as the integration allows those resources to share user tendencies and profile information.

Probably one of the most important web features for RIMS is its Online Join function that allows risk professionals from around the world to complete an online registration form. Major enhancements and fixes were made to the online process to ensure ease of use for our global network. Additionally, with the addition of new membership categories, not only was the Online Join function upgraded but RIMS IT also successfully deployed these new membership types into netFORUM.

Upgrades and Security

In 2017, the Society implemented new security products and processes, as well as updates to technology that ensure the Society's data and intellectual property is secure.

Throughout the year, RIMS IT constantly and successfully administered security assessments and vulnerability tests. The Society implemented Malwarebytes enterprise edition on all servers, desktops and laptops. RIMS also upgraded Netscaler to version 11.1 54.14, allowing RIMS staff to continue to remote access the Society's internal network securely, as well as upgrading the VMWare environment from 5.1 to 6.5 to better secure and administer RIMS' servers.

RIMS IT's continued infrastructure technology hardware refresh supports staff's international travels, as well as their remote access opportunities. In addition to upgrading all computers to Windows 10, updates were made to all mobile devices and the Lync server was transitioned to Skype for Business 2015, allowing for greater compatibility.

TREASURER'S REPORT 2017

The following commentary highlights the December 31, 2017 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 2017 were \$15,315,574, which represented a \$2,631,564 increase from the end of 2016.
- Investments are up \$1,100,744 due to the gains throughout 2017.
- Contributions payable decreased by \$150,000, which represents the outstanding balance of the multiyear donation made to the Spencer Educational Foundation.
- Deferred conference revenue increased by \$267,119 in 2017, the difference is due to timing of vendor payments for RIMS 2018 Annual Conference exhibits and sponsorships.
- Deferred dues revenue decreased by \$334,308 in 2017. The difference is due to recognizing of prior years' membership payments during 2017.

Consolidated Statements of Revenues and Expenses Total Revenues excluding investments increased by \$719,473

- Revenue from all RIMS events increased by \$68,592 with the RIMS Annual Conference and Exhibition representing \$9,341,909 of the total events revenue.
- RIMS 2017 Annual Conference & Exhibition saw:
 - Registration revenue decrease by \$149,807
 - Exhibition revenue decrease by \$308,681
 - Sponsorship revenue decrease by \$56,185
- Revenue from international Risk Forums increased by \$101,766 due to RIMS expanding global footprint and hosting more events than in 2016.
- Membership dues income increased by \$89,391 due to deferred dues from prior years being recognized in 2017.
- Advertising revenue increased by \$194,620 due to stronger sales in both the print and digital products.

Program Expenses increased by \$273,996

- This increase is directly related to creating of and filling of full-time positions which were vacant in 2016. These hires were done to support various program and initiatives.

Supporting Services Expenses decreased by \$215,002

- General and Administration includes three departments: General and Administration, Information Technology, and Finance and Accounting.
- The decrease is due to \$450,000 multiyear donation made to the Spencer Educational Foundation in 2016. This donation spans 2016, 2017, and 2018 but due to accounting guidelines was expensed in 2016.
- In 2017, RIMS incurred increases in rent, depreciation, and bad debt expenses totaling \$211,038. These increases are considered overhead for the organization.

Consolidated Statements of Cash Flows

- The significant changes from 2016 to 2017 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, 2017

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2017

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, 2017, 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, 2017, 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 19 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, 2016 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 we expressed an unmodified opinion dated May 15, 2017.

BDO USA, LLP

April 14, 2018

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Financial Position (with comparative totals for 2016)

December 31,	2017	2016
Assets		
Current:		
Cash and cash equivalents	\$ 2,762,311	\$ 2,259,394
Investments at fair value (Note 4)	15,942,310	14,841,566
Advertising receivables	139,121	228,392
Other receivables, net of allowance for doubtful accounts of \$30,000 for 2017 and 2016, respectively	666,356	261,371
Prepaid conference expenses	581,424	583,212
Other current assets	846,720	300,983
Total Current Assets	20,938,242	18,474,918
Assets Limited as to Use (Note 8)	136,777	136,777
Investments Held for Chapters	62,292	54,214
Property and Equipment, Net (Note 5)	443,570	867,451
Intangible Asset	418,021	314,191
	\$21,998,902	\$19,847,551
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 366,623	\$ 527,320
Accrued payroll and related benefits	575,113	582,972
Contributions payable to affiliate - current portion (Note 6)	150,000	150,000
Deferred conference revenue	3,924,854	3,657,735
Deferred dues revenue	1,400,759	1,735,167
Other deferred revenue	117,318	71,701
Deferred rent, current portion	86,369	148,062
Total Current Liabilities	6,621,036	6,872,957
Contributions Payable to Affiliate, Net of Current Portion (Note 6)	-	150,000
Deferred Rent, Net of Current Portion	-	86,370
Liability for Chapter Investments	62,292	54,214
Total Liabilities	6,683,328	7,163,541
Commitments and Contingencies (Notes 7 and 8)		
Net Assets:		
Unrestricted	15,315,574	12,684,010
	\$21,998,902	\$19,847,551

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Activities (with comparative totals for 2016)

Year ended December 31,

	2017	2016
	(Unrestricted)	
Revenues, Gains and Other Support:		
Conferences	\$10,083,651	\$10,015,059
Membership dues	2,741,318	2,651,927
Advertising	1,643,597	1,448,977
Publications	52,714	58,448
Membership and chapter services	514,180	529,403
Professional development	805,218	548,152
Other revenue	612,676	481,915
Investment income, net (Note 4)	2,247,312	1,009,717
Total Revenues, Gains and Other Support	18,700,666	16,743,598
Expenses:		
Program services:		
Conferences	4,485,793	4,653,432
Publications	884,998	757,216
Professional development	830,531	776,822
Marketing and communications	1,608,482	1,530,191
Member and client services	404,519	412,368
Government affairs	366,017	338,407
Strategic and enterprise risk practice	870,745	708,653
Total Program Services	9,451,085	9,177,089
Supporting services:		
General and administration	6,035,100	6,533,530
Membership recruitment and retention	567,131	512,699
Total Supporting Services	6,602,231	7,046,229
Total Expenses	16,053,316	16,268,318
Change in Net Assets Before Foreign Currency Exchange Loss	2,647,350	475,280
Foreign Currency Exchange Loss (Notes 10 and 11)	(15,786)	(1,172)
Change in Net Assets	2,631,564	474,108
Net Assets, Beginning of Year	12,684,010	12,209,902
Net Assets, End of Year	\$15,315,574	\$12,684,010

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Cash Flows (with comparative totals for 2016)

<i>Year ended December 31,</i>	2017	2016
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,631,564	\$ 474,108
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	477,726	392,981
Provision for bad debt	55,173	71,966
Realized gain on investments	(843,288)	(23,191)
Unrealized gain on investments	(1,134,838)	(787,218)
(Increase) decrease in assets:		
Advertising receivables	89,271	(77,956)
Other receivables	(460,158)	(28,186)
Prepaid conference expenses	1,788	176,357
Other current assets	(545,737)	(92,345)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(160,697)	(62,863)
Accrued payroll and related benefits	(7,859)	26,608
Contributions payable to affiliate	(150,000)	300,000
Deferred conference revenue	267,119	(402,774)
Deferred dues revenue	(334,408)	818
Other deferred revenue	45,617	35,132
Deferred rent	(148,063)	(148,061)
Net Cash Used In Operating Activities	(216,790)	(144,624)
Cash Flows From Investing Activities:		
Purchases of investments	(13,702,446)	(5,048,890)
Proceeds from investments	14,579,828	5,983,173
Purchases of property and equipment	(53,845)	(120,543)
Purchase of Intangible asset	(103,830)	(314,191)
Net Cash Provided By Investing Activities	719,707	499,549
Net Increase in Cash and Cash Equivalents	502,917	354,925
Cash and Cash Equivalents, Beginning of Year	2,259,394	1,904,469
Cash and Cash Equivalents, End of Year	\$ 2,762,311	\$ 2,259,394

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”). 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 2017, 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 2017, 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 2017.

(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) 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 \$86,369 and \$630,000 at December 31, 2017 and 2016. 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, 2017.

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, 2017, 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, 2017, 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 2014.

(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. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal.

(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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2016, 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, 2017. 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, 2017.

December 31, 2017

Description	Fair Value Measurement at Reporting Date Using			Balance as of December 31, 2017
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 422,484	\$-	-	\$ 422,484
Publicly-traded partnerships	555,284	-	-	555,284
Domestic equity mutual funds	6,922,183	-	-	6,922,183
International equity mutual funds	4,465,858	-	-	4,465,858
Fixed income mutual funds	3,576,501	-	-	3,576,501
	<u>\$15,942,310</u>	<u>\$-</u>	<u>\$-</u>	<u>\$15,942,310</u>

Investment income as of December 31, 2017 consists of the following:

December 31, 2017

Interest and dividends	\$ 328,470
Realized gain on investments	843,288
Unrealized gain on investments	1,134,838
Less: Investment management fees	(59,284)
	<u>\$2,247,312</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

Publicly-Traded Partnerships

The Organization's holdings in 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, 2017:

December 31, 2017

Leasehold improvements	\$ 1,382,274
Computer software	2,724,182
Furniture and office equipment	842,086
Computer hardware	1,083,562
	<hr/>
	6,032,104
Less: Accumulated depreciation and amortization	(5,588,534)
	<hr/>
	\$ 443,570

Depreciation and amortization expense was \$477,726 in 2017.

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 \$427,915 in 2017. 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 2017.

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, 2017, \$150,000 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 2017, 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 2017, discretionary contributions of 2% of staff's compensation were made. Expenses for this Plan amounted to \$399,545 for the year ended December 31, 2017.

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, 2017.

The future minimum annual rental payments on the office lease at December 31, 2017 are as follows:

Year ending December 31,

2018	\$396,514
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During 2017, RIMS entered into a new lease agreement for office space. The rental agreement is from fifteen years and 8 months, effective November 1, 2019, with future commitments as follows:

Year ending December 31,

2018	\$ 137,218
2019	823,310
2020	823,310
2021	823,310
2022	823,310
Thereafter	9,468,063
Total	\$12,898,521

As part of the new lease, RIMS was required to provide a security deposit and prepaid rent totaling \$440,949, which is included in other assets of the consolidated statement of financial position.

Rent expense for office space, including escalation and maintenance charges, was \$592,232 and \$522,590 for the years ended December 31, 2017 and 2016, respectively. Equipment lease expense was \$81,579 and \$96,572 for the years ended December 31, 2017 and 2016, respectively.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

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.

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.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

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' 79 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 Advisor 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, the RIMS Risk Challenge 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 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 CEO, COO, Finance and Administration, general counsel, 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.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

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, 2017 was a decrease in net assets of \$15,786.

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.

Assets and liabilities of the RCC are as follows:

December 31, 2017

Cash and cash equivalents	\$512,964
Prepaid conference expenses	50,781
Net assets	\$563,745

Revenues and expenses of the RCC are as follows:

Year ended December 31, 2017

Other revenue	\$ 112,566
Interest and investment loss	1,292
Foreign exchange transaction loss	34,599
Expenses	(115,772)
Change in net assets	\$ 32,685

12. Subsequent Events

The Organization has evaluated subsequent events through April 14, 2018, 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, 2017

	(Unrestricted)
Revenues Per Consolidated Income Statement	\$18,700,666
Less: Gain on Investments	(2,247,312)
Total Operational Revenues, Gains and Other Support	16,453,354
Expenses Per Consolidated Income Statement	16,053,360
Board-Designated Expenses:	
OPIS	78,567
Certification	259,083
Global initiative	124,900
Office relocation expense	15,000
Total Operational Expenses	15,575,810
Change in Operational Net Assets Before Foreign Currency Exchange Loss	877,544
Foreign Currency Exchange Loss (Notes 10 and 11)	(15,786)
Change in Operational Net Assets	\$ 861,758

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Statement of Financial Position (with comparative totals for 2016)

December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Eliminations	Consolidated	
				2017	2016
Assets					
Current:					
Cash and cash equivalents	\$ 2,363,493	\$ 398,818	\$ -	\$ 2,762,311	\$ 2,259,394
Investments, at fair value	14,885,206	1,057,104	-	15,942,310	14,841,566
Advertising receivables	139,121	-	-	139,121	228,392
Other receivables, net	612,627	184,983	(131,254)	666,356	261,371
Prepaid conference expenses	581,424	-	-	581,424	583,212
Other current assets	846,720	-	-	846,720	300,983
Total Current Assets	19,428,591	1,640,905	(131,254)	20,938,242	18,474,918
Assets Limited as to Use	136,777	-	-	136,777	136,777
Investments Held for Chapters	62,292	-	-	62,292	54,214
Property and Equipment, Net	443,570	-	-	443,570	867,451
Intangible Asset	418,021	-	-	418,021	314,191
	\$20,489,251	\$1,640,905	\$(131,254)	\$21,998,902	\$19,847,551
Liabilities and Net Assets					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 439,393	\$ 58,484	\$(131,254)	\$ 366,623	\$ 527,320
Accrued payroll and related benefits	575,113	-	-	575,113	582,972
Contributions payable to affiliate, current portion	150,000	-	-	150,000	150,000
Deferred conference revenue	3,924,854	-	-	3,924,854	3,657,735
Deferred dues revenue	1,400,759	-	-	1,400,759	1,735,167
Other deferred revenue	117,318	-	-	117,318	71,701
Deferred rent, current portion	86,369	-	-	86,369	148,062
Total Current Liabilities	6,693,806	58,484	(131,254)	6,621,036	6,872,957
Contributions Payable to Affiliate, Net of Current Portion	-	-	-	-	150,000
Deferred Rent, Net of Current Portion	-	-	-	-	86,370
Liability for Chapter Investments	62,292	-	-	62,292	54,214
Total Liabilities	6,756,098	58,484	(131,254)	6,683,328	7,163,541
Net Assets:					
Unrestricted	13,733,153	1,582,421	-	15,315,574	12,684,010
	\$20,489,251	\$1,640,905	\$(131,254)	\$21,998,902	\$19,847,551

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Statement of Activities (with comparative totals for 2016)

Year ended December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Eliminations	Combined	
				2017	2016
Revenues, Gains and Other Support:					
Conferences	\$10,083,651	\$ -	\$ -	\$10,083,651	\$10,015,059
Membership dues	2,741,318	-	-	2,741,318	2,651,927
Advertising	1,643,597	-	-	1,643,597	1,448,977
Publications	52,714	-	-	52,714	58,448
Membership and chapter services	514,180	-	-	514,180	529,403
Professional development	325,135	480,083	-	805,218	548,152
Other revenue	657,676	-	(45,000)	612,676	481,915
Investment income, net	2,105,242	142,070	-	2,247,312	1,009,717
Total Revenues, Gains and Other Support	18,123,513	622,153	(45,000)	18,700,666	16,743,598
Expenses:					
Program services:					
Conferences	4,485,793	-	-	4,485,793	4,653,432
Publications	884,998	-	-	884,998	757,216
Professional development	508,038	322,493	-	830,531	821,822
Marketing and communications	1,608,482	-	-	1,608,482	1,530,191
Member and client services	404,519	-	-	404,519	412,368
Government affairs	366,017	-	-	366,017	338,407
Strategic and enterprise risk practice	870,745	-	-	870,745	708,653
Total Program Services	9,128,592	322,493	-	9,451,085	9,222,089
Supporting services:					
General and administration	6,035,100	45,000	(45,000)	6,035,100	6,533,530
Membership recruitment and retention	567,131	-	-	567,131	512,699
Total Supporting Services	6,602,231	45,000	(45,000)	6,602,231	7,046,229
Total Expenses	15,730,823	367,493	(45,000)	16,053,316	16,268,318
Change in Net Assets Before Foreign Currency Exchange Loss					
	2,392,690	254,660	-	2,647,350	475,280
Foreign Currency Exchange Loss	(11,469)	(4,317)	-	(15,786)	(1,172)
Change in Net Assets	2,381,221	250,343	-	2,631,564	474,108
Net Assets, Beginning of Year	11,351,932	1,332,078	-	12,684,010	12,209,902
Net Assets, End of Year	\$13,733,153	\$1,582,421	\$ -	\$15,315,574	\$12,684,010