

**INSTITUTE OF
MATHEMATICAL STATISTICS**

FINANCIAL STATEMENTS

**For the Years Ended
June 30, 2008 and 2007**

TABLE OF CONTENTS

| | <u>PAGE</u> |
|-------------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 2 |
| Statements of Activities | 3 - 4 |
| Statements of Cash Flows | 5 |
| Notes to Financial Statements | 6 - 15 |

Independent Auditors' Report

The Council
Institute of Mathematical Statistics

We have audited the accompanying statements of financial position of Institute of Mathematical Statistics as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Institute of Mathematical Statistics' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute of Mathematical Statistics as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Bregante + Company LLP

February 2, 2009

INSTITUTE OF MATHEMATICAL STATISTICS

STATEMENTS OF FINANCIAL POSITION

June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|-----------------------------------|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 382,305 | \$ 298,369 |
| Investments, at fair market value | 2,051,843 | 1,964,592 |
| Accounts receivable | 30,509 | 19,405 |
| Interest receivable | 9,731 | 6,479 |
| Prepaid expenses | 58,900 | 46,758 |
| Investments in joint ventures | 43,968 | 150,705 |
| Restricted cash for endowment | <u>37,339</u> | <u>35,599</u> |
| Total assets | <u>\$ 2,614,595</u> | <u>\$ 2,521,907</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|---------------------|---------------------|
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 100,422 | \$ 108,399 |
| Unearned memberships, subscription and meeting revenue | <u>994,396</u> | <u>794,742</u> |
| Total liabilities | 1,094,818 | 903,141 |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 1,127,656 | 1,256,459 |
| Board-designated | <u>341,233</u> | <u>314,093</u> |
| Total unrestricted | 1,468,889 | 1,570,552 |
| Temporarily restricted | 19,110 | 16,624 |
| Permanently restricted | <u>31,778</u> | <u>31,590</u> |
| Total net assets | <u>1,519,777</u> | <u>1,618,766</u> |
| Total liabilities and net assets | <u>\$ 2,614,595</u> | <u>\$ 2,521,907</u> |

See accompanying notes and auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|------------------|------------------|
| Changes in unrestricted net assets: | | |
| Revenue and support: | | |
| Membership dues and journal subscriptions | \$ 274,487 | \$ 305,885 |
| Non-member subscriptions | 1,203,393 | 864,152 |
| Sales of back issues | 1,238 | 5,156 |
| Page charges | 44,796 | 19,100 |
| Sales of books | 50,305 | 25,970 |
| Scientific meetings | 66,959 | 63,234 |
| Contributions | - | 70 |
| Advertising | 35,182 | 42,826 |
| Offprints, royalties and other | 76,688 | 74,293 |
| Net profit of joint venture publications | 11,952 | 25,537 |
| Unrealized gain (loss) on investments | (111,163) | 8,708 |
| Investment income | <u>79,116</u> | <u>102,072</u> |
| Total unrestricted revenue and support | 1,732,953 | 1,537,003 |
| Net assets released from restrictions | <u>954</u> | <u>1,387</u> |
| Total unrestricted revenue, support and others | 1,733,907 | 1,538,390 |
| Expenses: | | |
| Program | 1,736,196 | 1,555,977 |
| General and administrative | <u>99,373</u> | <u>92,140</u> |
| Total expenses | <u>1,835,569</u> | <u>1,648,117</u> |
| Decrease in unrestricted net assets | <u>(101,662)</u> | <u>(109,727)</u> |
| Changes in temporarily restricted net assets: | | |
| Contributions | 1,724 | 1,160 |
| Investment income | 1,715 | 1,938 |
| Net assets released from restrictions | <u>(954)</u> | <u>(1,387)</u> |
| Increase in temporarily restricted net assets | <u>2,485</u> | <u>1,711</u> |

See accompanying notes and auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS

STATEMENTS OF ACTIVITIES (Continued)

For the Years Ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|---------------------|---------------------|
| Changes in permanently restricted net assets: | | |
| Contributions | <u>188</u> | <u>451</u> |
| Increase in permanently restricted net assets | <u>188</u> | <u>451</u> |
| Decrease in net assets | <u>(98,989)</u> | <u>(107,565)</u> |
| Net assets, beginning of year | <u>1,618,766</u> | <u>1,726,331</u> |
| Net assets, end of year | <u>\$ 1,519,777</u> | <u>\$ 1,618,766</u> |

See accompanying notes and auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Changes in net assets | \$ (98,989) | \$ (107,565) |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | | |
| Net profit in investments in joint ventures | (11,952) | (25,537) |
| Unrealized (gain) loss on investments | 111,163 | (8,708) |
| (Increase) decrease in assets: | | |
| Accounts receivable | (11,104) | (11,360) |
| Interest receivable | (3,252) | 20,580 |
| Prepaid expenses | (12,142) | (3,843) |
| Restricted cash for endowment | (1,740) | (1,938) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued liabilities | (7,977) | 4,539 |
| Unearned memberships, subscription and meeting revenue | 199,654 | 86,923 |
| Total adjustments | <u>262,650</u> | <u>60,656</u> |
| Net cash provided (used) by operating activities | <u>163,661</u> | <u>(46,909)</u> |
| Cash flows from investing activities: | | |
| Proceeds from the liquidation of joint venture | 118,689 | - |
| Net change in investments | <u>(198,414)</u> | <u>247,716</u> |
| Net cash provided (used) by investing activities | <u>(79,725)</u> | <u>247,716</u> |
| Net increase in cash | 83,936 | 200,807 |
| Cash, beginning of year | <u>298,369</u> | <u>97,562</u> |
| Cash, end of year | <u>\$ 382,305</u> | <u>\$ 298,369</u> |

See accompanying notes and auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE A -- Description of organization

The Institute of Mathematical Statistics (the Institute) is an international professional and scholarly society devoted to the development and dissemination of the theory and applications of statistics and probability. Its activities include sponsorship of journals and other scientific publications, organization of scientific meetings and cooperation with other scientific organizations.

The scientific journals are The Annals of Applied Probability, The Annals of Applied Statistics, The Annals of Probability, The Annals of Statistics and Statistical Science. The IMS Bulletin is the news organ of the Institute. In addition, the Institute publishes The IMS Lecture Notes - Monograph Series and IMS Collections. Jointly with other organizations, the Institute publishes the Electronic Journal of Probability, Electronic Communications in Probability, Electronic Journal of Statistics, Journal of Computational and Graphical Statistics, Probability Surveys, Statistics Surveys, Current Index to Statistics and NSF-CBMS Regional Conference Series in Probability and Statistics. On behalf of other organizations, the Institute produces Bernoulli, Bernoulli News and Annales de l'Institut Henri Poincaré (B) Probabilités et Statistiques.

The Institute is an international organization of approximately 4,400 statisticians, probabilists, epidemiologists and econometricians from industry, academia and government.

NOTE B -- Summary of significant accounting policies

Basis of accounting

The Institute maintains its accounting records and prepares its financial statements on the accrual basis.

Financial statement presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The financial activities are classified into three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Unrestricted net assets: These amounts consist of net assets that are not subject to donor-imposed restrictions. Unrestricted net assets are expendable resources used to support the Institute's core activities. These net assets may be designated for specific purposes by action of the Council to be used for future periods.

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE B -- Summary of significant accounting policies (continued)

Temporarily restricted: Those net assets and activities which are donor restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently restricted: Those net assets and activities which are permanently donor restricted for holdings of: (a) assets donated with stipulations that they be preserved and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income. Permanently restricted net assets consist of cash gifts restricted by donors to establish a fund honoring the memory of Professor Le Cam.

Revenue and support recognition

Membership dues and subscription fees are recognized as revenue on a straight-line basis over the term of the applicable membership and subscription period. Membership and subscription periods run from January 1 to December 31. Any time a member or non-member subscribes, he/she is entitled to all issues of the journal(s) published during the subscription period. The unearned portion of the revenue is recorded as a liability under the unearned memberships, subscription and meeting revenue in the Statements of Financial Position.

The Institute recognizes contributions upon the earlier of receipt or when a pledge is executed. Contributions without donor-imposed restrictions are reported as unrestricted support. Contributions with donor-imposed restrictions are reported as either temporarily restricted or permanently restricted support, depending upon the type of restriction. The Institute does not solicit contributions.

Income taxes

The Institute is a qualified organization exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

Use of estimates

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

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE B -- Summary of significant accounting policies (continued)

Investments in joint ventures

Investments in joint ventures are stated at cost plus the equity in the undistributed earnings of the joint ventures since the dates of acquisition.

Production costs of publications

The Institute's policy is to expense the production costs of its publications as incurred rather than capitalize these costs as inventory. The Institute follows this policy as there is no discernible market for the publications after the initial distribution.

Shipping and handling costs

Shipping and handling costs are recorded as incurred. These expenses are included in the functional expenses in Note G.

Functional allocation of expenses

The costs of providing the program and supporting activities of the Institute are summarized in the Statements of Activities and are shown in detail in Note G. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated between the program services and the general and administrative based on allocation methods and estimates made by management.

NOTE C -- Concentration of credit risk

The Institute maintains cash balances at three financial institutions. The balances at times may exceed federally insured limits. The Institute has not experienced any losses in these accounts and management believes they are not exposed to any significant credit risk.

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE D -- Investments

In August 2006, the Institute adopted a new investment policy whereby the Institute is committed to a policy of low-cost long-term indexed investing with minimal intervention. The Institute's investment funds (that is, the funds other than the operating funds or the operating reserve) are to be invested as follows:

- 60% in domestic and international equities
- 40% in fixed-income instruments

The distribution of funds is reviewed annually and is rebalanced if the actual allocations differ from the targets given here by more than 5%.

The Institute maintains accounts with Merrill Lynch and Vanguard Group for operating, operating reserve and reserve funds. Investments include mutual funds carried at their fair market value and certificates of deposit at various institutions maturing at various dates. The certificates of deposit are immediately convertible to cash with maturities ranging from one month to less than two years. Investments at June 30, 2008 and 2007 were as follows:

| | 2008 | 2007 |
|---|--------------|--------------|
| Merrill Lynch - Blackrock Senior Floating Rate Income Fund | \$ 162,200 | \$ 178,600 |
| Vanguard Inter-Term Bond Index Fund | 222,242 | 215,800 |
| Vanguard Short-Term Bond Index Fund | 221,189 | 139,215 |
| Vanguard Developed Markets Index Fund | 86,664 | 210,899 |
| Vanguard 500 Index Fund | 258,201 | 303,342 |
| Vanguard Small Cap Index Fund | 229,347 | 243,736 |
| Certificates of deposit at various institutions | 872,000 | 673,000 |
| Total | \$ 2,051,843 | \$ 1,964,592 |

NOTE E -- Investments in joint ventures

In April 2008, Current Index to Statistics (CIS) distributed the assets of its joint venture and the Institute acquired 100% of the publication rights. Prior to that date the Institute held a 50% joint equity interest in CIS with the American Statistics Association (ASA).

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE E -- Investments in joint ventures (continued)

The Institute, ASA and Interface Foundation of North America (IFNA) participate in a joint venture for periodic publication of the Journal of Computational and Graphical Statistics. The Institute's participation in profits and ownership of this venture is 40%.

The Institute's equity was \$0 and \$104,262 for Current Index to Statistics (the CIS venture) and \$43,968 and \$46,443 for Journal of Computational and Graphical Statistics (the IFNA venture) at June 30, 2008 and 2007, respectively.

The following is a summary of the financial position and results of operations of the joint ventures for the years ended June 30:

| | Current Index to Statistics | | Journal of Computational and Graphical Statistics | |
|---|--------------------------------|-------------------|--|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Current assets | \$ - | \$ 280,342 | \$ 180,315 | \$ 186,150 |
| Total assets | <u>\$ -</u> | <u>\$ 280,342</u> | <u>\$ 180,315</u> | <u>\$ 186,150</u> |
| Current liabilities | \$ - | \$ 71,817 | \$ 70,394 | \$ 70,042 |
| Undistributed co-sponsors' equity | <u>-</u> | <u>208,525</u> | <u>109,921</u> | <u>116,108</u> |
| Total liabilities and co-sponsors' equity | <u>\$ -</u> | <u>\$ 280,342</u> | <u>\$ 180,315</u> | <u>\$ 186,150</u> |
| Revenue | <u>\$ 57,407</u> | <u>\$ 120,425</u> | <u>\$ 114,345</u> | <u>\$ 113,218</u> |
| Net income (loss) | <u>\$ 28,853</u> | <u>\$ 53,329</u> | <u>\$ (6,187)</u> | <u>\$ (2,823)</u> |

NOTE F -- Retirement plan

The Institute participates in an employer matching 403(b) retirement annuity plan. The Institute matches 200% of the contributions of eligible employees up to 10% of the employee's gross salary. Employees who have completed three years of service are eligible to participate. The Institute contributed \$9,408 and \$8,707 for the years ended June 30, 2008 and 2007, respectively.

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE G -- Functional expenses

Program and general and administrative expenses for the year ended June 30, 2008 were as follows:

| | <u>Program</u> | <u>General and Administrative</u> | <u>Total</u> |
|--|---------------------|---------------------------------------|---------------------|
| Production expenses (see Note H) | \$ 833,659 | \$ - | \$ 833,659 |
| Editorial expenses (see Note H) | 248,389 | - | 248,389 |
| Administrative services | - | 3,125 | 3,125 |
| Information technology service | 46,574 | - | 46,574 |
| Management fee | 133,154 | - | 133,154 |
| Salaries, payroll taxes and employee benefits | 60,340 | 60,340 | 120,680 |
| Mailing and shipping at press | 189,754 | - | 189,754 |
| Scientific meetings | 104,721 | - | 104,721 |
| Business meetings | 14,996 | - | 14,996 |
| Rent and utilities | 2,328 | 998 | 3,326 |
| Contributions to other organizations | 7,372 | - | 7,372 |
| Postage and shipping from office | 16,555 | 7,095 | 23,650 |
| Computer equipment and software | 4,016 | 1,721 | 5,737 |
| Professional fees | - | 18,600 | 18,600 |
| Insurance | 14,755 | 6,324 | 21,079 |
| Storage | 12,054 | - | 12,054 |
| Printing | 7,529 | - | 7,529 |
| Credit card fees and refunds | 18,770 | - | 18,770 |
| Supplies | 640 | 274 | 914 |
| Telephone | 1,235 | 529 | 1,764 |
| Membership drives and publicity | 16,464 | - | 16,464 |
| Presidential Fund | 2,031 | - | 2,031 |
| Office expense and other | 860 | 367 | 1,227 |
| | <u>\$ 1,736,196</u> | <u>\$ 99,373</u> | <u>\$ 1,835,569</u> |

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE G -- Functional expenses (continued)

Program and general and administrative expenses for the year ended June 30, 2007 were as follows:

| | <u>Program</u> | <u>General and Administrative</u> | <u>Total</u> |
|--|---------------------|---------------------------------------|---------------------|
| Production expenses (see Note H) | \$ 691,313 | \$ - | \$ 691,313 |
| Editorial expenses (see Note H) | 246,072 | - | 246,072 |
| Administrative services | - | 850 | 850 |
| Information technology service | 15,266 | - | 15,266 |
| Management fee | 137,582 | - | 137,582 |
| Salaries, payroll taxes and employee benefits | 56,023 | 56,022 | 112,045 |
| Mailing and shipping at press | 153,532 | - | 153,532 |
| Scientific meetings | 107,475 | - | 107,475 |
| Business meetings | 10,390 | - | 10,390 |
| Rent and utilities | 2,310 | 990 | 3,300 |
| Contributions to other organizations | 8,257 | - | 8,257 |
| Postage and shipping from office | 17,274 | 7,403 | 24,677 |
| Computer equipment and software | 922 | 395 | 1,317 |
| Professional fees | - | 18,300 | 18,300 |
| Insurance | 15,285 | 6,551 | 21,836 |
| Storage | 8,835 | - | 8,835 |
| Printing | 5,650 | - | 5,650 |
| Credit card fees and refunds | 17,918 | - | 17,918 |
| Supplies | 1,948 | 835 | 2,783 |
| Telephone | 769 | 330 | 1,099 |
| Membership drives and publicity | 19,540 | - | 19,540 |
| Office expense and other | 1,082 | 464 | 1,546 |
| Electronic developments | 38,534 | - | 38,534 |
| | <u>\$ 1,555,977</u> | <u>\$ 92,140</u> | <u>\$ 1,648,117</u> |

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE H -- Production and editorial expenses

Production and editorial expenses incurred were as follows:

| | 2008 | 2007 |
|---|------------|------------|
| Production expenses: | | |
| Core publications: | | |
| <u>The Annals of Applied Probability</u> | \$ 87,643 | \$ 109,197 |
| <u>The Annals of Applied Statistics</u> | 76,406 | 32,860 |
| <u>The Annals of Probability</u> | 134,470 | 125,157 |
| <u>The Annals of Statistics</u> | 166,345 | 158,501 |
| <u>Statistical Science</u> | 72,245 | 62,305 |
| <u>IMS Bulletin</u> | 50,169 | 55,066 |
| <u>NSF - CBMS Series</u> | 1,717 | - |
| <u>IMS Collections</u> | 21,953 | - |
| <u>The IMS Lecture Notes - Monograph Series</u> | 50,303 | 40,673 |
| Web page | 7,205 | 11,801 |
| Total core publications | 668,456 | 595,560 |
| Supported publications: | | |
| <u>Annales de l'Institut Henri Poincaré</u> | 33,909 | - |
| <u>Bernoulli</u> | 58,276 | 33,603 |
| <u>Bernoulli News</u> | 3,154 | 2,170 |
| Total supported publications | 95,339 | 35,773 |
| Co-sponsored publications: | | |
| <u>Probability Surveys</u> | 2,542 | 3,737 |
| <u>Statistical Surveys</u> | 1,234 | - |
| <u>Electronic Journal of Statistics</u> | 1,061 | 1,946 |
| Total co-sponsored publications | 4,837 | 5,683 |
| General publication expenses: | | |
| Electronic operations for all publications | 65,027 | 54,297 |
| Total general publication expenses | 65,027 | 54,297 |
| Total production expenses | \$ 833,659 | \$ 691,313 |

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2008 and 2007

NOTE H -- Production and editorial expenses (continued)

| | 2008 | 2007 |
|--|------------|------------|
| Editorial expenses: | | |
| <u>The Annals of Applied Probability</u> | \$ - | \$ 847 |
| <u>The Annals of Applied Statistics</u> | 3,000 | 4,384 |
| <u>The Annals of Statistics</u> | - | 34,623 |
| <u>Statistical Science</u> | 2,579 | 2,127 |
| <u>Current Index to Statistics</u> | 10,000 | - |
| <u>IMS Bulletin</u> | 72,703 | 72,690 |
| WWW editor | 42,632 | 31,333 |
| Managing and production editors | 87,725 | 85,568 |
| Central editorial office | 29,750 | 14,500 |
| Total editorial expenses | \$ 248,389 | \$ 246,072 |

NOTE I -- Net assets

| | 2008 | 2007 |
|--|--------------|--------------|
| The following are net assets available at June 30: | | |
| Unrestricted: | | |
| Undesignated | \$ 1,127,656 | \$ 1,256,459 |
| Board-designated: | | |
| Dorweiller Fund | 3,600 | 3,600 |
| Hotelling Fund | 1,600 | 1,600 |
| Reserve Life Fund | 243,146 | 208,322 |
| New Researchers Meeting Fund | 30,251 | 31,321 |
| Development Fund | 25,000 | 25,000 |
| Laha Fund | 37,636 | 44,250 |
| Total Board-designated | 341,233 | 314,093 |

See auditors' report.

INSTITUTE OF MATHEMATICAL STATISTICS
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE I -- Net assets (continued)

| | 2008 | 2007 |
|------------------------------|--------------|--------------|
| Temporarily restricted: | | |
| Tweedie Memorial Fund | 12,113 | 11,527 |
| Open Access Fund | 1,248 | 637 |
| Le Cam Earnings Fund | 5,749 | 4,460 |
| Total temporarily restricted | 19,110 | 16,624 |
| Permanently restricted: | | |
| Le Cam Endowment | 31,778 | 31,590 |
| Total net assets | \$ 1,519,777 | \$ 1,618,766 |

See auditors' report.