

# IMS Treasurer: Annual Report 2009

## Introduction

This report details membership and subscription data for calendar year end 2009. In addition, it reviews the fiscal year 2009 (FY2009: July 1, 2008–June 30, 2009) financial statements. In 2009, IMS membership experienced the first decline in total members since 1999. Subscriptions by institutions are back on the upswing after a downturn in 2008. The financial status of the Institute continues to be stable, and actions are being taken to ensure its long term stability.

Details of the events of the past year, membership and subscription data, sales data and a detailed analysis of the financial statement for FY2009 are given below.

## Publications

After several years of growth, the publications of the IMS remained stable in 2009. The following is a list of current IMS core, co-sponsored, affiliated and supported journals:

### IMS Core Print/Electronic Publications

- \* *Annals of Applied Probability*
- \* *Annals of Probability*
- \* *Annals of Statistics*
- \* *Annals of Applied Statistics*
- \* *Statistical Science*
- \* *Current Index to Statistics*
- \* *IMS Collections*
- \* *IMS Lecture Notes - Monograph Series*
- \* *IMS Bulletin*

### Co-Sponsored Print/Electronic Publications

- \* *Electronic Communications in Probability*
- \* *Electronic Journal of Probability*
- \* *Electronic Journal of Statistics*
- \* *Journal of Computational and Graphical Statistics*
- \* *NSF-CBMS Series in Probability and Statistics*
- \* *Probability Surveys*
- \* *Statistics Surveys*

### Supported Publications

- \* *Annales de l'Institut Henri Poincaré*
- \* *Bayesian Analysis*
- \* *Bernoulli*
- \* *Bernoulli News*
- \* *Brazilian Journal of Probability and Statistics*

### Affiliated Publications

- \* *ALEA: Latin American Journal of Probability and Mathematical Statistics*
- \* *Probability and Mathematical Statistics*

## Membership, Subscription and Sales Data

### Membership Data

Total individual membership in the Institute as of December 31, 2009 decreased 0.69% from December 31, 2008, including a 2.06% decrease in our regular (paying) membership base. Table 1 opposite presents the membership data back to 1998. The decline in FY2009 is likely a random fluctuation.

### Breakdown of Member Categories

Among the members for 2009 are:

- \* 2038 Regular members (2173 last year)
- \* 1368 Student members (1328 last year)
- \* 382 Reduced/Retired Rates (399 last year)
- \* 350 Life Members (305 last year)
- \* 173 IMS China (180 last year)
- \* 158 New Graduates (122 last year)
- \* 105 Retired Life (97 last year)
- \* 51 Gift members (54 last year)
- \* 7 Joint members (12 last year)

### Geographic Distribution of Members

The IMS membership is currently distributed as follows:

- \* 56% United States
- \* 17% Europe
- \* 16% Asia
- \* 5% Canada
- \* 3% South America, Mexico and the Caribbean
- \* 2% Australia and New Zealand
- \* 1% Africa

### Selection of Journals by Members

Print subscriptions by members continued to decrease in 2009, as expected, because members are opting to reduce print subscriptions while enjoying free electronic access to all journals. Electronic access by individual members has increased this year. Table 2 opposite shows the current selection of journals by members.

Before 2009 all student members received one free print journal. The council has decided to provide the student members free electronic journal access only, starting in 2010. This will have an impact on print subscriptions in the future.

Revenue from all Institute member dues and journal subscriptions increased 17%, to \$319,953 for the fiscal year ending June 30, 2009, up from \$274,487 in FY2008. This is attributed to increased dues and subscription rates for 2009.

The IMS also offers joint membership opportunities with the following societies:

- \* Bernoulli Society (BS)
- \* International Statistical Institute/  
Bernoulli Society (ISI/BS)
- \* International Society for Bayesian  
Analysis (ISBA)
- \* Applied Probability Society/INFORMS  
(APS/INFORMS)
- \* Sociedad Latino Americana de  
Probabilidad y Estadística Matemática  
(SLAPEM).

In 2009, we processed 599 memberships to other societies (up from 450 in 2008).

### IMS China

In 2008, the IMS introduced IMS China. IMS China promotes the participation of Chinese scholars in activities of the Institute of Mathematical Statistics. It provides members in China an easier method for membership payment and allows the IMS an opportunity to introduce our organization to a constituency that may not have had easy access to our offerings in the past. IMS China members residing in mainland China received free membership in 2008 and 2009.

### Institutional Subscription Data

Table 3 presents comparative subscription data for institutions to each of our scientific journals for 2009 and previous years. All journals experienced subscription increases in 2009. In particular, the IMS experienced a larger uptake of our bundled offerings (electronic and print). Revenue from all non-member subscriptions was \$1,284,708 for the fiscal year ending June 30, 2009, up from \$1,203,393 for the FY2008. The increase is due to increased subscription fees and increased subscription rates. Approximately 60% of the non-member subscribers to IMS journals are in USA and Canada, with the remaining subscribers distributed throughout the world.

TABLE 1: Membership, by Calendar Year

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% change
<b>Members</b>	2787	2921	2940	2981	3044	3074	3092	3152	3156	3091	-2.06%
<b>IMS China</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	180	173	-3.89%
<b>Student</b>	478	395	496	707	971	1224	1295	1160	1328	1368	3.01%
<b>Total Individual</b>	3265	3316	3436	3688	4015	4298	4387	4312	4664	4632	-0.69%
<b>Organizational</b>	96	94	98	102	107	100	111	45*	20	11	-45.0%

\* Organizational Membership was reconstructed in 2007 and libraries were no longer included. This change reclassified these previous organizational members to institutional subscribers. This was merely a reclassification and not a loss.

TABLE 2: Member\*\* Subscriptions, by Calendar Year

<b>PRINT</b>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% change
<b>AAP</b>	719	718	865	844	800	870	841	497	428	382	-10.8%
<b>AOP</b>	726	768	918	910	907	877	838	534	481	416	-9.9%
<b>AOAS</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,160	1,089	-6.12%
<b>AOS</b>	1,712	1,808	1,949	1,917	1,987	2,053	1,945	1,608	1,323	1,109	-16.18%
<b>STS</b>	2,469	2,523	2,778	2,846	2,750	2,765	2,634	2,146	1,880	1,680	-10.64%
<b>Total</b>	5,626	5,817	5,726	5,701	5,588	5,765	5,370	4,785	5,272	4,676	-11.31%
<b>ELECTRONIC</b>											
<b>AAP</b>	n/a	n/a	363	715	820	889	1,004	970	855	931	8.89%
<b>AOP</b>	n/a	n/a	411	693	791	902	996	989	839	908	8.22%
<b>AOAS</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	163	318	95.09%
<b>AOS</b>	n/a	n/a	482	943	1,112	1,262	1,409	1,377	1,136	1,270	11.80%
<b>STS</b>	n/a	n/a	295	877	1,023	1,168	1,316	1,299	1,089	1,203	10.47%
<b>Total</b>	n/a	n/a	1,551	3,228	3,746	4,221	4,725	4,635	4,082	4,630	13.42%

\*\* Previously this information was reported as all members (including organizational), however data has been reformatted to show individual members only, to reflect the change in classification and to better view the current status of the data.

TABLE 3: Institutional Subscriptions, by Calendar Year

<b>PRINT</b>	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% change
<b>AAP</b>	779	680	690	716	675	659	659	700	636	680	6.92%
<b>AOP</b>	1,121	983	1,001	1,034	1,001	974	911	977	900	948	5.33%
<b>AOAS</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	174	247	41.95%
<b>AOS</b>	1,454	1,305	1,320	1,342	1,268	1,233	1,171	1,227	1,118	1,154	3.22%
<b>STS</b>	1,258	1,068	1,041	1,064	976	949	922	976	865	890	2.89%
<b>Bulletin</b>	320	259	267	229	222	207	201	275	174	176	1.15%
<b>CIS</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	295	297	0.68%
<b>AIHP<sup>s</sup></b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	[174]	217	289	33.18%
<b>Bernoulli<sup>s</sup></b>	n/a	n/a	n/a	n/a	n/a	n/a	[199]	213	209	304	45.45%
<b>BJPS<sup>s</sup></b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64	n/a
<b>Total</b>	4,932	4,295	4,319	4,385	4,142	4,022	3,864	4,542	4,588	5,049	10.05%
<b>ELECTRONIC</b>											
<b>AAP</b>	n/a	n/a	n/a	363	480	514	569	536	511	597	16.83%
<b>AOP</b>	n/a	n/a	n/a	520	684	713	763	761	725	840	15.86%
<b>AOAS</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	139	215	54.68%
<b>AOS</b>	n/a	n/a	n/a	593	800	857	912	907	800	1,002	25.25%
<b>STS</b>	n/a	n/a	n/a	459	635	677	738	724	669	765	14.35%
<b>Bernoulli<sup>s</sup></b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	199	170	237	39.41%
<b>AIHP<sup>s</sup></b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	165	227	37.58%
<b>BJPS<sup>s</sup></b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31	n/a
<b>Total</b>	n/a	n/a	n/a	1,935	2,599	2,761	2,982	3,127	3,179	3,914	23.12%

<sup>s</sup> denotes IMS-supported journals. Numbers in [brackets] are prior to journal becoming IMS-supported.

## Book Sales Data

One new volume in the *Lecture Notes–Monograph Series* and one volume of *IMS Collections* were published in 2009. Table 4 below presents sales data for sales of the three IMS book series. Total revenue for all books decreased sharply to \$18,984 in FY2009 from \$50,305 in FY2008. Because all *LNMS* and *IMS Collections* are now available online at Project Euclid there is a long term concern over this revenue stream for the future. Discussions are currently taking place in the Committee on Publications to address this issue moving forward.

TABLE 4: Total sales from the NSF-CBMS Regional Conference Series, and Lecture Notes – Monograph Series total sales [Fiscal Year Data (July 1-June 30)]

	to 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	TOTAL
Total NSF-CBMS sales (8 vols)	3,632	484	320	307	394	328	258	129	108	57	6,017
Total LNMS sales (56 vols)	21,964	679	832	910	887	603	1,084	628	454	235	28,276
Total Collections sales (4 vols)	0	0	0	0	0	0	0	0	0	9	9

## FINANCIAL OVERVIEW

The following is a detailed analysis of the Financial Statement for FY2009, which is presented in this issue of the *IMS Bulletin*, following this Treasurer's Report. Comparisons are always with FY2008.

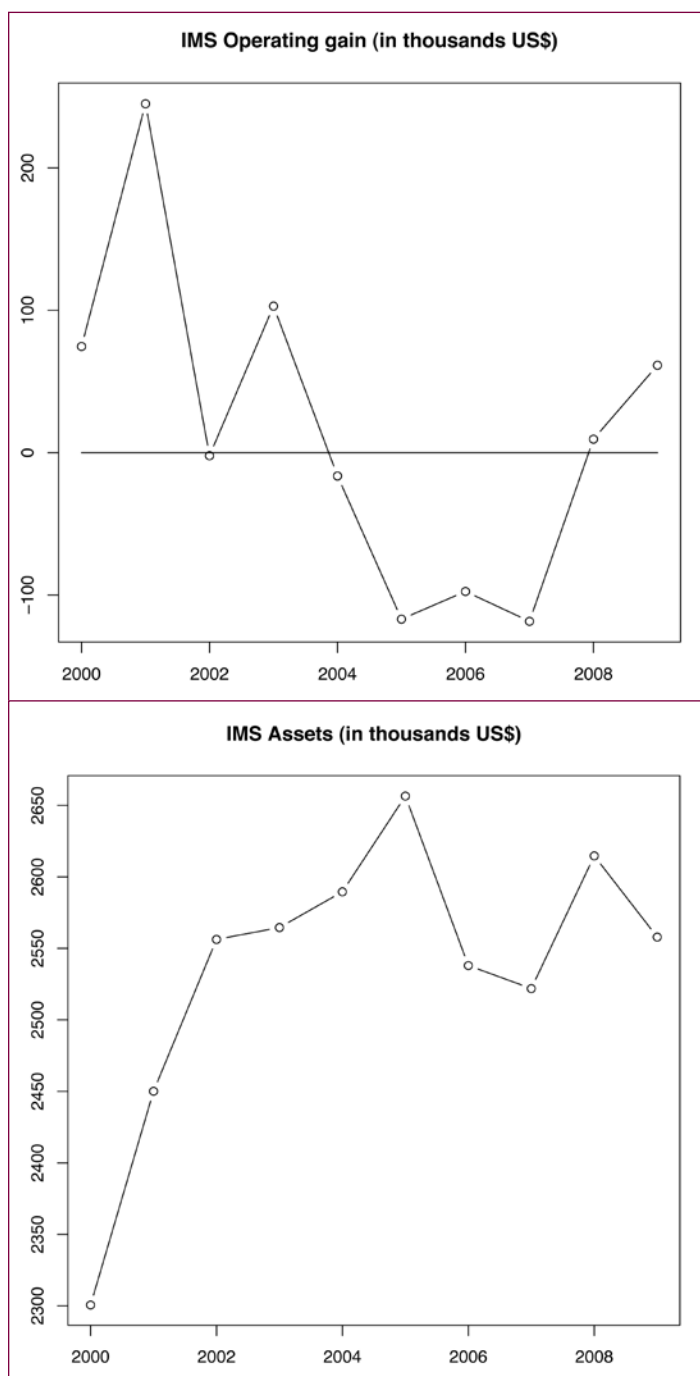
The overall financial status of the Institute continues to be stable.

Per the auditor's report, in FY2009 we experienced a decrease in total assets of \$56,659. This loss is due to unrealized losses on our long term investments which totaled \$193,302. These losses are a reflection of the turmoil in the financial markets. We do not expect to have to pull funds out of these long term reserves into our operational accounts in the near future.

The IMS Council approved a FY2009 operational budget that included net operational revenues of \$12,200. Due to tight fiscal controls and better-than-expected revenues, the actual net revenue is \$61,409 from operations in FY2009. In FY2008 the gain on operations was \$9,501. Figures 1 and 2, right, show the history of our assets and net operating revenue. The Council and Executive Committee made it a high priority to have an operational balanced budget in FY2009 and beyond.

### Revenue

- \* Membership dues and subscription revenues were adjusted, as in the past to prorate calendar-year revenues to fit with the Institute's fiscal year reporting. Revenues from membership dues and subscriptions are up in FY2009 as compared to FY2008 due to increased dues and subscription fees. Print journal prices for members are set at our variable cost to print.
- \* Revenues from institutional subscribers are up due to increases in subscription fees and increases in the total number of institutional subscribers.
- \* Sales of back issues are up in FY2009 from FY2008. However, we should bear in mind that, as a trend, print orders are decreasing as electronic access increases.
- \* Page charges are up significantly in FY2009. Due to its



voluntary nature, page charge contributions tend to fluctuate greatly.

- \* Revenue from sales of books are down significantly as fewer volumes were sold in FY2009.
- \* Meeting income is down in FY2009 because IMS did not manage any meetings in FY2009. The income shown is a result of our contractual arranged income from the Joint Statistical Meetings and a small amount of income from the WNAR/IMS meeting.
- \* Advertising revenues are down due to fewer ads placed.
- \* “Offprints, royalty and other” showed a significant increase, as royalties from IMS’s interest in JSTOR increased due to our placing of *IMS Lecture Notes–Monograph Series* on JSTOR.
- \* Net earnings of joint publication ventures is for the *Journal of Computational and Graphical Statistics* relationship. It is down in FY2009, due to increased expenses of that journal.
- \* Investment income is down in FY2009 as a reflection of the decreases across the globe on investments.
- \* The unrealized loss on investments shows the loss in value we experienced on our mutual funds due to the decreases in the markets.
- \* The amount listed under “Contributions” represents funds earmarked for IMS China.

## Expenses

The IMS makes a distinction between Program and General Administrative expenses in its audited reports. This is appropriate reporting for a non-profit organization and gives members a better idea of how much is being spent on actual programming (journals, meetings, etc) versus what is spent purely on administration of the Institute. We are happy to report that 94.4% (94.6% last year) of your dues dollars goes directly into the program functions of the IMS. More on expenses can be found in the Discussion of Note G section, below.

## Changes in temporarily restricted assets

The contributions listed in FY2008 and FY2009 represent donations made to the Open Access, Laha and Tweedie Funds. The investment income is that amount allocated to specific funds and not the general fund. Funds released were from the Tweedie Memorial Fund.

## Discussion of Note G in Financial Statement for FY2009

Here you will see the allocation for expenses for Program and General Administration. Production and Editorial expenses will be discussed below in the Discussion of Note H.

- \* Mailing and shipping at the press is down from FY2008 due to

decreases in total issues sent and some decreases in international rates due to a change in carrier.

- \* The management fee shows the expenses paid to FASEB for the dues, subscriptions and web services they provide for IMS.
- \* Salaries are up in FY2009 reflecting wage increases.
- \* Scientific meeting expenses are down in FY2009 because the IMS did not manage a meeting.
- \* Postage and shipping from the office includes mailing of all dues and subscription paper renewal forms and catalogs. It also includes shipment of all IMS book orders.
- \* Insurance fees are stable. This includes liability insurance for all officers and editors, publications and business equipment.
- \* Professional fees includes fees paid to accountants and lawyers.
- \* Credit card fees include all processing fees for credit cards.
- \* Membership drives and publicity are down as marketing efforts were stepped down as appropriate.
- \* Presidential Fund line item was added in FY2008 to monitor spending on this fund and includes spending from the fund of the current presidents.
- \* Contributions to other organizations includes all dues and subscriptions to several organizations by IMS and the Executive Director. These include Conference Board of Mathematical Statistics, Association for Women in Math, the Council for Engineering and Scientific Society Executive, the Society for Scholarly Publishing, Association for Learned and Society Publishers, and American Mathematical Society salary survey.
- \* Business meeting expenses are down since the business meetings in FY2009 required less travel by executive committee members.
- \* “Supported journal royalty” is the contractual amount paid to supported journals for our agreement to assist them with publishing. The royalty is a percentage of net income.
- \* Storage fees are up as we are now storing more titles.
- \* Bad debt is the write-off of all unpaid billings for job ads and page charges that were deemed non-collectable.
- \* Information technology services represent the hiring of contractors to provide needed services. This is down in FY2009 due to decreased needs.
- \* Computer equipment and software includes equipment for the Executive Director, the Production Manager and the *Bulletin* Assistant Editor.
- \* Printing includes all non-journal printing, including annual invoices and catalogs.
- \* Administrative Services includes assistance on data entry for the Executive Director.
- \* Rent and utilities is for the Executive Directors office.
- \* Office and other expenses includes bank fees and other miscellaneous expenses.

- \* Supplies include all needed office supplies for the Executive Director's office.
- \* Telephone is for both the Executive Director's phone and an allocation of calls to FASEB on IMS dues and subscription inquiries.

### Discussion of Note H in Financial Statement for FY2009

#### Production Expenses:

- \* Production expenses for *Annals of Applied Probability*, *Annals of Applied Statistics* and *Annals of Statistics* are up as the total page count for all these journals was up in FY2009.
- \* *Statistical Science* and the *Annals of Probability* production expenses are down slightly as pages decreased slightly.
- \* The *IMS Bulletin* expenses are down because of printing fewer pages, due to the use of new web based job boards.
- \* *NSF-CBMS Series* produced no volumes in FY2009. The *NSF-CBMS Series* had reprint expenses in FY2008 only.
- \* *IMS Collections* printed three issues in FY2008 and only one issue in FY2009.
- \* *LNMS* expenses are much lower in FY2009 than in FY2008, due to the cost, in FY2008, of printing two new issues and several reprints, and the scanning and posting of all content on Project Euclid. In FY2009 *LNMS* printed only one issue.
- \* The Web Page had some increase in expenses in FY2009 as we began a project for a new content management system for the web page.
- \* *AIHP* began publication with the IMS with 3 issues in FY2008, then published 5 issues in FY2009.
- \* *Bernoulli* and *Bernoulli News* both remained stable in FY2009.
- \* *Brazilian Journal of Probability and Statistics* was a new supported journal in FY2009. It published one issue in FY2009.
- \* Expenses for *Probability Surveys*, *Statistics Surveys* and *Electronic Journal of Statistics* are minimal and shared with the other co-sponsoring societies.
- \* Electronic operations include expenses for placement and hosting of our journals on Project Euclid and ArXiv, and expenses associated with our Electronic Journal Management System (EJMS). We experienced increased rates in FY2009 as more journals moved into EJMS and more journals were hosted at Project Euclid.

#### Editorial Expenses:

- \* Editorial expenses for all journals are minimal in FY2009 as all journals have moved into the central editorial office. All editors are within their budgets for the length of their term.
- \* IMS took over production of *Current Index to Statistics* in January 2008. As a result, FY2008 expenses reflect 6 months of

operation, while FY2009 expenses covers full fiscal year of 2009.

- \* The *IMS Bulletin* assistant editor expenses are stable.
- \* The Web Editor expenses are up as we work on a new content management system for the web page.
- \* Managing and production editorial expenses are up slightly.
- \* The Central Editorial Office handles all secretarial support for the IMS core, supported and electronic based journals.

### Discussion of Note I in Financial Statement for FY2009

Note I shows distribution of funds in restricted accounts.

- \* Dorweiller, Hotelling and Development Funds experienced no changes.
- \* The Reserve Life Fund increased as more members opted to become Life members.
- \* The New Researchers Meeting Fund increased as funds left over from previous meetings were added to the fund in FY2009.
- \* The Laha Fund decreased as grants were awarded in FY2009.
- \* The IMS China fund was created with funds from Jianqing Fan's Presidential Fund and from net revenues from the first two IMS China meetings.
- \* The Tweedie and Open Access Funds increased due to donations.
- \* The Le Cam Fund increased due to return on investment for the endowment.

### Recent Actions

The Executive Committee recommended an institutional subscription fee increase of approximately 10% for 2010. Dues rates for members are increased by US\$3 to US\$98. Subscription rates to members are adjusted to the variable cost. Members are given a 10% discount off dues if they renew by December 31. The 2009–2010 Council approved these recommendations at the Annual Meeting in August 2009 in Washington DC, USA.

Rong Chen, Treasurer





### 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, 2009 and 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2009 and 2008, 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*

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December 15, 2009

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### Auditor's Financial Statements:

1

#### INSTITUTE OF MATHEMATICAL STATISTICS

##### STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
Cash	\$ 316,755	\$ 382,305
Investments, at fair market value	2,059,681	2,051,843
Accounts receivable	16,442	30,509
Interest receivable	9,484	9,731
Prepaid expenses	68,548	58,900
Investment in joint venture	45,983	43,968
Deposits	3,300	-
Restricted cash for endowment	37,743	37,339
<b>Total assets</b>	<b>\$ 2,557,936</b>	<b>\$ 2,614,595</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 51,793	\$ 100,422
Unearned memberships, subscription and meeting revenue	1,115,979	994,396
<b>Total liabilities</b>	<b>1,167,772</b>	<b>1,094,818</b>
<b>Net assets:</b>		
Unrestricted:		
Undesignated	906,075	1,127,656
Board-designated	430,921	341,233
<b>Total unrestricted</b>	<b>1,336,996</b>	<b>1,468,889</b>
Temporarily restricted	20,983	19,110
Permanently restricted	32,185	31,778
<b>Total net assets</b>	<b>1,390,164</b>	<b>1,519,777</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,557,936</b>	<b>\$ 2,614,595</b>

2

#### INSTITUTE OF MATHEMATICAL STATISTICS

##### STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2009 and 2008

	2009	2008
<b>Changes in unrestricted net assets:</b>		
<b>Revenue and support:</b>		
Membership dues and journal subscriptions	\$ 319,953	\$ 274,487
Non-member subscriptions	1,284,708	1,203,393
Sales of back issues	4,165	1,238
Page charges	53,251	44,796
Sales of books	18,984	50,305
Scientific meetings	14,446	66,959
Advertising	31,001	35,182
Offprints, royalties and other	105,280	76,688
Net profit of joint venture publications	2,015	11,952
Unrealized loss on investments	(193,302)	(111,163)
Contributions	27,272	-
Investment income	62,819	79,116
<b>Total unrestricted revenue and support</b>	<b>1,730,592</b>	<b>1,732,953</b>
<b>Net assets released from restrictions</b>	<b>776</b>	<b>954</b>
<b>Total unrestricted revenue, support and other</b>	<b>1,731,368</b>	<b>1,733,907</b>
<b>Expenses:</b>		
Program	1,759,494	1,736,196
General and administrative	103,767	99,373
<b>Total expenses</b>	<b>1,863,261</b>	<b>1,835,569</b>
<b>Decrease in unrestricted net assets</b>	<b>(131,893)</b>	<b>(101,662)</b>
<b>Changes in temporarily restricted net assets:</b>		
Contributions	2,038	1,724
Investment income	611	1,715
Net assets released from restrictions	(776)	(954)
<b>Increase in temporarily restricted net assets</b>	<b>1,873</b>	<b>2,485</b>

## STATEMENTS OF ACTIVITIES (Continued)

For the Years Ended June 30, 2009 and 2008

	2009	2008
Changes in permanently restricted net assets:		
Contributions	407	188
Increase in permanently restricted net assets	407	188
Decrease in net assets	(129,613)	(98,989)
Net assets, beginning of year	1,519,777	1,618,766
Net assets, end of year	\$ 1,390,164	\$ 1,519,777

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Changes in net assets	\$ (129,613)	\$ (98,989)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net profit in investments in joint ventures	(2,015)	(11,952)
Realized and unrealized losses on investments	193,302	111,163
(Increase) decrease in assets:		
Accounts receivable	14,067	(11,104)
Interest receivable	247	(3,252)
Prepaid expenses	(9,648)	(12,142)
Deposits	(3,300)	-
Restricted cash for endowment	(404)	(1,740)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(48,629)	(7,977)
Unearned memberships, subscription and meeting revenue	121,583	199,654
Total adjustments	265,203	262,650
Net cash provided by operating activities	135,590	163,661
Cash flows from investing activities:		
Proceeds from the liquidation of joint venture	-	118,689
Net change in investments	(201,140)	(198,414)
Net cash used by investing activities	(201,140)	(79,725)
Net increase (decrease) in cash	(65,550)	83,936
Cash, beginning of year	382,305	298,369
Cash, end of year	\$ 316,755	\$ 382,305

## NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

**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 Bayesian Analysis, Bernoulli, Bernoulli News, Brazilian Journal of Probability and Statistics and Annales de l'Institut Henri Poincaré (B) Probabilités et Statistiques.

The Institute is an international organization of approximately 4,500 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.

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

**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.

June 30, 2009 and 2008

**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.

**NOTE D -- Valuation of 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:

June 30, 2009 and 2008

**NOTE D -- Valuation of investments (continued)**

- 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.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which is effective for the Institute's fiscal year beginning July 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The new standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as prescribed by SFAS 157. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level I include listed equities held in the name of the Institute, and exclude listed equities and other securities held indirectly through commingled funds.

Level II - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III - Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

**NOTE D -- Valuation of investments (continued)**

All of the Institute's investments are considered Level I. Ending investments value was \$2,059,681 as of June 30, 2009.

**NOTE E -- Investment in joint venture**

The Institute 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 \$45,983 and \$43,968 for *Journal of Computational and Graphical Statistics* (the IFNA venture) at June 30, 2009 and 2008, respectively.

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

	Journal of Computational and Graphical Statistics	
	2009	2008
Current assets	\$ 200,145	\$ 180,315
Total assets	\$ 200,145	\$ 180,315
Current liabilities	\$ 85,187	\$ 70,394
Undistributed co-sponsors' equity	114,958	109,921
Total liabilities and co-sponsors' equity	\$ 200,145	\$ 180,315
Revenue	\$ 122,386	\$ 114,345
Net income (loss)	\$ 5,037	\$ (6,187)

**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 \$9,883 and \$9,408 for the years ended June 30, 2009 and 2008, respectively.

## NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2009 and 2008

**NOTE G -- Functional expenses**

Program and general and administrative expenses for the year ended June 30, 2009 were as follows:

	Program	General and Administrative	Total
Production expenses (see Note H)	\$ 892,400	\$ -	\$ 892,400
Editorial expenses (see Note H)	287,921	-	287,921
Mailing and shipping at press	167,824	-	167,824
Management fee	139,382	-	139,382
Salaries, payroll taxes and employee benefits	63,604	63,604	127,208
Scientific meetings	68,059	-	68,059
Postage and shipping from office	16,143	6,919	23,062
Insurance	14,622	6,266	20,888
Professional fees	-	18,000	18,000
Credit card fees and refunds	17,589	-	17,589
Membership drives and publicity	14,443	-	14,443
Presidential Fund	13,794	-	13,794
Contributions to other organizations	9,629	-	9,629
Business meetings	9,120	-	9,120
Supported journal royalty	8,645	-	8,645
Storage	8,492	-	8,492
Bad debts	8,255	-	8,255
Information technology service	6,370	-	6,370
Computer equipment and software	3,774	1,617	5,391
Printing	5,165	-	5,165
Administrative services	-	4,224	4,224
Rent and utilities	1,650	1,650	3,300
Office expense and other	1,312	562	1,874
Supplies	644	644	1,288
Telephone	657	281	938
	\$ 1,759,494	\$ 103,767	\$ 1,863,261



June 30, 2009 and 2008

**NOTE G -- Functional expenses (continued)**

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

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

June 30, 2009 and 2008

**NOTE H -- Production and editorial expenses**

Production and editorial expenses incurred were as follows:

	2009	2008
Production expenses:		
Core publications:		
<u>The Annals of Applied Probability</u>	\$ 122,827	\$ 87,643
<u>The Annals of Applied Statistics</u>	110,335	76,406
<u>The Annals of Probability</u>	115,704	134,470
<u>The Annals of Statistics</u>	187,997	166,345
<u>Statistical Science</u>	59,970	72,245
<u>IMS Bulletin</u>	46,132	50,169
<u>NSF - CBMS Series</u>	-	1,717
<u>IMS Collections</u>	5,171	21,953
<u>The IMS Lecture Notes - Monograph Series</u>	2,910	50,303
Web page	12,763	7,205
Total core publications	663,809	668,456
Supported publications:		
<u>Annales de l'Institut Henri Poincaré</u>	63,699	33,909
<u>Bernoulli</u>	58,701	58,276
<u>Bernoulli News</u>	2,598	3,154
<u>Brazilian Journal of Probability and Statistics</u>	5,992	-
Total supported publications	130,990	95,339
Co-sponsored publications:		
<u>Probability Surveys</u>	1,419	2,542
<u>Statistics Surveys</u>	684	1,234
<u>Electronic Journal of Statistics</u>	1,627	1,061
Total co-sponsored publications	3,730	4,837
General publication expenses:		
Electronic operations for all publications	93,871	65,027
Total general publication expenses	93,871	65,027
Total production expenses	<u>\$ 892,400</u>	<u>\$ 833,659</u>

June 30, 2009 and 2008

**NOTE H -- Production and editorial expenses (continued)**

	2009	2008
Editorial expenses:		
<u>The Annals of Applied Probability</u>	\$ 1,000	\$ -
<u>The Annals of Applied Statistics</u>	-	3,000
<u>Statistical Science</u>	-	2,579
<u>Current Index to Statistics</u>	30,000	10,000
<u>IMS Bulletin</u>	72,206	72,703
WWW editor	76,010	42,632
Managing and production editors	90,455	87,725
Central editorial office	18,250	29,750
Total editorial expenses	<u>\$ 287,921</u>	<u>\$ 248,389</u>

**NOTE I -- Net assets**

	2009	2008
The following are net assets available at June 30:		
Unrestricted:		
Undesignated	\$ 906,075	\$ 1,127,656
Board-designated:		
Dorweiller Fund	3,600	3,600
Hotelling Fund	1,600	1,600
Reserve Life Fund	312,095	243,146
New Researchers Meeting Fund	31,219	30,251
Development Fund	25,000	25,000
Laha Fund	30,135	37,636
IMS China Fund	27,272	-
Total Board-designated	430,921	341,233

June 30, 2009 and 2008

**NOTE I -- Net assets (continued)**

	2009	2008
Temporarily restricted:		
Tweedie Memorial Fund	12,884	12,113
Open Access Fund	2,134	1,248
Le Cam Earnings Fund	5,965	5,749
Total temporarily restricted	20,983	19,110
Permanently restricted:		
Le Cam Endowment	32,185	31,778
Total net assets	<u>\$ 1,390,164</u>	<u>\$ 1,519,777</u>

**NOTE J -- Subsequent events**

The date to which events occurring after June 30, 2009 have been evaluated for possible adjustments to the financial statements or disclosure is December 15, 2009, which is the date on which the financial statements were available to be issued.