

IMS Treasurer: Annual Report 2008

Introduction

This report details membership and subscription data for calendar year end 2008. In addition, it reviews the FY2008 (July 1, 2007 – June 30, 2008) financial statements. We are pleased to announce, for the seventh year in a row the IMS experienced another increase in individual (paying) membership.

The financial status of the Institute continues to be stable even in a time of global economic crisis. Details of the events of the past year, membership and subscription data, sales data and a detailed analysis of the financial statement for FY2008 are given below.

Publications

The IMS expanded its list of supported journals in 2008–09 by adding *Bayesian Analysis* and the *Brazilian Journal of Probability and Statistics*.

Current list of 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

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 allows 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.

Joint membership opportunities

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 2008 we had 450 members take advantage of these joint membership offers.

Membership Data

Total individual membership in the Institute as of December 31, 2008 increased 8.16% from December 31, 2007. This is due to the introduction of IMS China and an increase in student membership. Table 1 overleaf presents the membership data back to 1998.

Breakdown of Member Categories: Among the individual members for 2008, a total of 54 are Gift members (52 last year), 12 are joint members (16 last year), 230 are retired (211 last year), 122 are new graduates (129 last year), 163 reduced rates (167 last year), 305 life (250 last year), 97 retired life (77 last year) and 2173 are other regular individual members (2249 last year).

Geographic Distribution of Members: The IMS membership is currently distributed as follows: 59% USA, 17% Europe, 13% Asia, 5% Canada, 2% South America, 2% Australia and New Zealand, 1% in Africa, 1% in Mexico and the Caribbean.

Selection of Journals by Members: Print subscriptions by members continued to decrease in 2008, as expected, because members are opting to decrease print subscriptions while enjoying free electronic access to all journals. Electronic access by individual members has decreased this year. This is most likely due to members accessing journals via institutional subscriptions rather than via their membership. Table 2 overleaf shows the current selection of journals by members.

Revenue from all Institute member dues and journal

subscriptions amounted to \$274,487 for the fiscal year ending June 30, 2008, down from \$305,885 in FY2007. This is attributed to decreased print subscriptions, and is offset by a decrease in expenses by printing of fewer journals.

Institutional Subscription Data

Table 3 presents comparative subscription data for non-members to each of our scientific journals for 2008 and previous years. All journals experienced decreases in 2008. Across the field of scholarly publishing, there has been a decrease in subscriptions, most notably attributed to the shrinking in library budgets. Revenue from all non-member subscriptions was \$1,203,393 for the fiscal year ending June 30, 2007, up from \$864,152 for the FY2007. The increase is due to increased subscription fees and the handling of additional supported journals for 2008. Approximately 60% of the non-member subscribers to IMS journals are in USA and Canada, with the remaining subscribers distributed throughout the world.

Book Sales Data

Two new volumes in the *Lecture Notes—Monograph Series* and three volumes of *IMS Collections* were published in 2008. Table 4-6 presents sales data for sales of the three IMS book series. Total revenue for all books increased to \$50,305 in FY2008 from \$25,970 in FY2007. Although income was up, the total number of volumes sold in FY2008 is actually down from FY2007, this is due to the pricing differences of volumes sold in each year. All the *Lecture Notes—Monograph Series* and *IMS Collections* are now available online at Project Euclid.

TABLE 1: Membership, by Calendar Year

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% change
Members	2909	2787	2921	2940	2981	3044	3074	3092	3152	3156	0.1%
IMS China	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	180	n/a
Student	228	478	395	496	707	971	1224	1295	1160	1328	14.5%
Total Individual	3137	3265	3316	3436	3688	4015	4298	4387	4312	4664	8.2%
Organizational	100	96	94	98	102	107	100	111	45*	20	-55.6%

* 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

PRINT	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% change
AAP	711	719	718	865	844	800	870	841	497	428	-13.9%
AOP	807	726	768	918	910	907	877	838	534	481	-9.9%
AOAS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,160	n/a
AOS	1,750	1,712	1,808	1,949	1,917	1,987	2,053	1,945	1,608	1,323	-17.7%
STS	2,472	2,469	2,523	2,778	2,846	2,750	2,765	2,634	2,146	1,880	-12.4%
Total	5,740	5,626	5,817	5,726	5,701	5,588	5,765	5,370	4,785	5,272	10.2%
ELECTRONIC											
AAP	n/a	n/a	n/a	363	715	820	889	1,004	970	855	-11.9%
AOP	n/a	n/a	n/a	411	693	791	902	996	989	839	-15.2%
AOAS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	163	n/a
AOS	n/a	n/a	n/a	482	943	1,112	1,262	1,409	1,377	1,136	-17.5%
STS	n/a	n/a	n/a	295	877	1,023	1,168	1,316	1,299	1,089	-16.2%
Total	n/a	n/a	n/a	1,551	3,228	3,746	4,221	4,725	4,635	4,082	-11.9%

** 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

PRINT	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	% change
AAP	799	779	680	690	716	675	659	659	700	636	-9.1%
AOP	1,127	1,121	983	1,001	1,034	1,001	974	911	977	900	-7.9%
AOAS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	174	n/a
AOS	1,481	1,454	1,305	1,320	1,342	1,268	1,233	1,171	1,227	1,118	-8.9%
STS	1,156	1,258	1,068	1,041	1,064	976	949	922	976	865	-11.4%
Bulletin	284	320	259	267	229	222	207	201	275	174	-36.7%
Bernoulli^s	n/a	n/a	n/a	n/a	n/a	n/a	n/a	[199]	213	209	-1.9%
AIHP^s	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	[174]	217	n/a
Total	4,847	4,932	4,295	4,319	4,385	4,142	4,022	3,864	4,542	4,293	-5.5%
ELECTRONIC											
AAP	n/a	n/a	n/a	n/a	363	480	514	569	536	511	-4.7%
AOP	n/a	n/a	n/a	n/a	520	684	713	763	761	725	-4.7%
AOAS	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	139	n/a
AOS	n/a	n/a	n/a	n/a	593	800	857	912	907	800	-11.8%
STS	n/a	n/a	n/a	n/a	459	635	677	738	724	669	-7.6%
Bernoulli^s	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	199	170	-14.57%
AIHP^s	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	165	n/a
Total	n/a	n/a	n/a	n/a	1,935	2,599	2,761	2,982	3,127	3,179	1.7%

^s denotes IMS-supported journals. Numbers in [brackets] are prior to journal becoming IMS-supported.

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 1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	TOTAL
Total NSF-CBMS sales (8 vols)	3,502	130	484	320	307	394	328	258	129	108	5,960
Total LNMS sales (56 vols)	21,095	869	679	832	910	887	603	1,084	628	454	28,041

FINANCIAL OVERVIEW

The following is a detailed analysis of the Financial Statement for FY2008, which is presented in this issue of the *IMS Bulletin*, following this Treasurer's Report. Comparisons are always with FY2007. The overall financial status of the Institute continues to be stable.

Per the auditor's report, in FY2008 we experienced a decrease in total assets of \$101,662. This loss is due to unrealized losses on our long term investments which totaled \$111,163. 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.

The IMS Council approved a FY2008 operational budget that included a \$50K deficit. However, due to tight fiscal controls and better than expected revenues, the IMS gained \$9500 from operations in FY2008. The current Executive Committee made it a strong priority to attain a 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 down as compared to FY2007 due to a decrease in member print subscriptions. Since print journal prices for members are set at our variable cost to print, when members decrease their print subscriptions, the IMS expenses are also decreased relatively. Revenues from non-member subscribers are up due to increases in subscription fees and increases in supported journals. Sales of back issues are down from FY2007 as we now only sell three years back to decrease storage expenses, and with electronic access back issue demand continues to decrease. Page charges are up significantly. Due to the voluntary nature of the page charge contributions, the levels received tend to fluctuate. Revenue from sales of books are up as the price for individual volumes sold was higher in FY2008 than in FY2007. Meeting income was stable in FY2008. Advertising revenues were down due to fewer ads placed. The "Offprints, royalty and other" category is stable, as royalties from IMS's interest in JSTOR remained constant. Net earnings of joint publication ventures (*Current Index to Statistics* (half year) and the *Journal of Computational and Graphical Statistics*) are down in FY2008 as the joint partnership in *CIS* ended at the end of 2007. Investment income is down in FY2008 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.

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 94.6% (94.4% 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 FY2007 and FY2008 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 FY2008: Here you will see the allocation for expenses for Program and General Administrative. Production and Editorial expenses will be discussed below in the "Discussion of Note H."

Administration and information technology services represent the hiring of contractors to provide needed services, both are up in FY2008 as more services were used than prior year. The management fee shows the expenses paid to FASEB for the dues, subscriptions and web services, expenses are unchanged. Salaries are up in FY2008 reflecting wage increases. Mailing and shipping at the press is up from FY2008 due to increases in postal rates and the distribution of more journals in FY2008. Scientific meeting expenses are stable. Business meeting expenses were up since the business meetings in FY2008 required more travel by executive committee members. Rent and utilities are steady. Contributions to other societies is up. Postage and printing are down slightly as we held off sending paper renewals until a large number of online renewals were processed. Computer equipment and software was up as the IMS began using an online system for project and committee management. Professional fees were stable. Insurance fees are stable. Storage fees are up as we are now storing additional titles. Supplies are down as less was needed in FY2008. Telephone is up. Credit card fees continue to increase as more members opt to use the internet to renew. Membership drives and publicity are down as marketing efforts were stepped down as appropriate. Office and other expenses includes bank fees and other miscellaneous expenses and is up in FY2008 to normal levels. The Presidential Fund line item was added in FY2008 to monitor spending on this fund.

Discussion of Note H in Financial Statement for FY2008: Production expenses for *Annals of Applied Probability* were down as production and page count stabilized for the journal after production of some very large issues in the previous FY. *The Annals of Applied Statistics* began printing in 2007 and shows expenses for one issue in FY2007; in FY2008 there were three issues published. Expenses for the *Annals of Probability* held steady. *Annals of Statistics*

Auditor's letter:

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.

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were up due to increased pages in the fiscal year. *Statistical Science* was up due to increased pages. The *IMS Bulletin* had a decrease in expenses due to printing fewer pages. *LNMS* expense is up with two new issues printing in FY2008, several reprints and the scanning and posting of all content on Project Euclid. The *NSF-CBMS Series* had reprint expenses in FY2008 only. *IMS Collections* printed three issues in FY2008. The Web Page had some decrease in expenses in FY2008. *Bernoulli* and *Bernoulli News* both printed additional issues in FY2008 as we had a full fiscal year of publication with these two. *AIHP* began publication with the IMS with 3 issues in FY2008. These expenses are in line with expectations for these journals. Expenses for *Probability Surveys*, *Statistics Surveys* and *Electronic Journal of Statistics* are minimal. Electronic operations for all expenses include fees for placement and hosting of our journals on Project Euclid and ArXiv and expenses associated with our electronic journal management system.

Editorial expenses for all journals are minimal in FY2008 as all journals have moved into the central editorial office. IMS took over production of *Current Index to Statistics* in January 2008. All editors are within their budgets for the length of their term. The *IMS*

Bulletin assistant editor expenses are stable. Managing and production editorial expenses are up slightly. The Web editor expenses are up as work was done on the web site in 2008.

Discussion of Note I in Financial Statement for FY2008: Note I shows distribution of funds in restricted accounts. Dorweiler, Hotelling and Development Funds experienced no changes. The Reserve Life Fund increases as more members opted to become Life members. The New Researchers Meeting Fund decreased as funds were used for the FY2008 meeting. The Laha Fund decreased as grants were awarded in FY2008. The Tweedie and Open Access Funds increased due to donations. The Le Cam Fund increased due to return on investment for the endowment.

Recommendation: This year we recommended an institutional subscription fee increase of approximately 10% for 2009. Dues rates for members were not changed. Members were given a 20% discount off dues if they renewed by December 31. The 2008–2009 Council approved these recommendations at the Annual Meeting in July 2008 in Singapore.

Rong Chen, Treasurer

Auditor's Financial Statements:

1 INSTITUTE OF MATHEMATICAL STATISTICS			
STATEMENTS OF FINANCIAL POSITION			
June 30, 2008 and 2007			
	2008	2007	
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	37,339	35,599	
Total assets	\$ 2,614,595	\$ 2,521,907	
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued liabilities	\$ 100,422	\$ 108,399	
Unearned memberships, subscription and meeting revenue	994,396	794,742	
Total liabilities	1,094,818	903,141	
Net assets:			
Unrestricted:			
Undesignated	1,127,656	1,256,459	
Board-designated	341,233	314,093	
Total unrestricted	1,468,889	1,570,552	
Temporarily restricted	19,110	16,624	
Permanently restricted	31,778	31,590	
Total net assets	1,519,777	1,618,766	
Total liabilities and net assets	\$ 2,614,595	\$ 2,521,907	

2 INSTITUTE OF MATHEMATICAL STATISTICS			
STATEMENTS OF ACTIVITIES			
For the Years Ended June 30, 2008 and 2007			
	2008	2007	
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	79,116	102,072	
Total unrestricted revenue and support	1,732,953	1,537,003	
Net assets released from restrictions	954	1,387	
Total unrestricted revenue, support and others	1,733,907	1,538,390	
Expenses:			
Program	1,736,196	1,555,977	
General and administrative	99,373	92,140	
Total expenses	1,835,569	1,648,117	
Decrease in unrestricted net assets	(101,662)	(109,727)	
Changes in temporarily restricted net assets:			
Contributions	1,724	1,160	
Investment income	1,715	1,938	
Net assets released from restrictions	(954)	(1,387)	
Increase in temporarily restricted net assets	2,485	1,711	

3 INSTITUTE OF MATHEMATICAL STATISTICS
STATEMENTS OF ACTIVITIES (Continued)
For the Years Ended June 30, 2008 and 2007

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

4 INSTITUTE OF MATHEMATICAL STATISTICS
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	2008	2007
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	262,650	60,656
Net cash provided (used) by operating activities	163,661	(46,909)
Cash flows from investing activities:		
Proceeds from the liquidation of joint venture	118,689	-
Net change in investments	(198,414)	247,716
Net cash provided (used) by investing activities	(79,725)	247,716
Net increase in cash	83,936	200,807
Cash, beginning of year	298,369	97,562
Cash, end of year	\$ 382,305	\$ 298,369

5 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.

6 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.

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.

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).

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	\$ -	\$ 280,342	\$ 180,315	\$ 186,150
Current liabilities	\$ -	\$ 71,817	\$ 70,394	\$ 70,042
Undistributed co-sponsors' equity	-	208,525	109,921	116,108
Total liabilities and co-sponsors' equity	\$ -	\$ 280,342	\$ 180,315	\$ 186,150
Revenue	\$ 57,407	\$ 120,425	\$ 114,345	\$ 113,218
Net income (loss)	\$ 28,853	\$ 53,329	\$ (6,187)	\$ (2,823)

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.

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:

	Program	General and Administrative	Total
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
	\$ 1,736,196	\$ 99,373	\$ 1,835,569

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:

	Program	General and Administrative	Total
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>

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	<u>\$ 833,659</u>	<u>\$ 691,313</u>

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	<u>\$ 248,389</u>	<u>\$ 246,072</u>

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:		
Dorweiler Fund	3,600	3,600
Hottelling 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

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	<u>\$ 1,519,777</u>	<u>\$ 1,618,766</u>