

Treasurer's Report: Fiscal Year 2011

Introduction

This report details membership and subscription data for calendar year end 2011. In addition, it reviews the fiscal year 2011 (FY2011, which is July 1, 2010 – June 30, 2011) financial statements.

In 2011, the total number of IMS members experienced a second year of decline. Subscriptions by institutions also experienced a decrease this past year. The financial status of the Institute continues to be stable, and actions have been 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 FY2011 are given below.

Publications

In 2011, the IMS added another IMS Supported Journal, *Stochastic Systems*. Focusing on the interface of applied probability and operations research, *Stochastic Systems* is the flagship journal of the INFORMS Applied Probability Society and is published through a cooperative agreement between INFORMS and the IMS. This open-access journal seeks to publish high-quality papers that substantively contribute to the modeling, analysis, and control of stochastic systems.

The following is a list of all 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 Monographs*
- *IMS Textbooks*
- *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*
- *Stochastic Systems*

Affiliated Publications

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

Membership, Subscription and Sales Data

Membership Data

Total individual paid membership in the Institute as of December 31, 2011 decreased 4.11% from December 31, 2010. Table 1 below presents the membership data back to 2002.

Geographic Distribution of Members. The IMS membership is currently distributed as follows:

- 62% United States
- 18% Europe
- 11% Asia
- 4% Canada
- 2% 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 2011, as expected, because members are opting to reduce their use of print while enjoying free electronic access to all journals. Electronic access by individual members has increased this year. Table 2 (overleaf) shows the current selection of journals by members.

Revenue from all member dues and member journal subscriptions decreased 4.2%, to \$325,341 for the fiscal year ending June 30, 2011, down from \$339,690 in FY2010. This is attributed to fewer paying members and decreased member print subscriptions.

The IMS offers joint membership opportunities with the following societies:

- Bernoulli Society (BS)

TABLE 1: Membership, by Calendar Year

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	% change
Regular	2332	2311	2315	2247	2256	2266	2179	2045	1970	1863	-5.4%
Life/Retired Life	51	115	133	205	264	327	402	455	475	475	0.0%
Reduced Country/Retired	426	433	431	435	428	430	453	433	399	401	0.5%
New Graduate	131	122	165	187	144	129	122	158	149	113	-24.2%
IMS China	n/a	n/a	n/a	n/a	n/a	n/a	180	173	2	20	900.0%
Student	496	707	971	1224	1295	1160	1328	1368	1160	1116	-3.8%
Total	3436	3688	4015	4298	4387	4312	4664	4632	4155	3988	-4.0%
Total excluding free members (students and in 2008–9 IMS China)	2940	2981	3044	3074	3092	3152	3156	3091	2995	2872	-4.1%
Organizational*	98	102	107	100	111	45*	20	11	12	5	-58.3%

* Organizational Membership was reconstructed in 2007 and libraries were no longer included. This change reclassified these previous "members" to institutional subscriptions

- 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 2011, we processed 604 memberships to other societies (down from 619 in 2010).

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 with 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. In 2010 there was a drop in this membership as plans for member renewals were ironed out. This category improved slightly in 2011.

Institutional Subscription Data

Table 3 (right) presents comparative subscription data for institutions to each of our scientific journals for 2011 and previous years. Several journals experienced subscription decreases in 2011. Overall institutional subscriptions decreased by 3.25%. Revenue from all non-member subscriptions was \$1,514,857 for FY2011, up from \$1,481,816 for the FY2010. The increase is

TABLE 2: Member** Subscriptions, by Calendar Year

PRINT (paid)	2003	2004	2005	2006	2007	2008	2009	2010	2011	% change
AAP	640	586	670	619	497	428	382	280	197	-29.6%
AOP	706	693	677	616	534	481	416	298	218	-26.9%
AOAS	n/a	n/a	n/a	n/a	n/a	1,160	1,089	714	480	-32.8%
AOS	1,713	1,773	1,853	1,723	1,608	1,323	1,109	763	555	-27.3%
STS	2,642	2,536	2,565	2,412	2,146	1,880	1,680	1,310	1,035	-21.0%
Total	5,701	5,588	5,765	5,370	4,785	5,272	4,676	3,365	2,485	-26.2%
ELECTRONIC (free access): members setting up individual electronic access to IMS journals										
Total	943	1,112	1,262	1,409	1,660	1,681	1,711	1,761	2,026	15.0%

** 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 Paid Subscriptions, by Calendar Year

PRINT	2003	2004	2005	2006	2007	2008	2009	2010	2011	% change
AAP	716	675	659	659	700	636	680	684	645	-5.7%
AOP	1,034	1,001	974	911	977	900	948	967	901	-6.8%
AOAS	n/a	n/a	n/a	n/a	n/a	174	247	320	331	3.4%
AOS	1,342	1,268	1,233	1,171	1,227	1,118	1,154	1,158	1,127	-2.7%
STS	1,064	976	949	922	976	865	890	899	861	-4.2%
Bulletin	229	222	207	201	275	174	176	166	142	-14.5%
CIS	n/a	n/a	n/a	n/a	n/a	295	297	267	273	2.3%
AIHP ^s	n/a	n/a	n/a	n/a	[174]	228	271	286	289	1.0%
Bernoulli ^s	n/a	n/a	n/a	[199]	199	198	264	278	280	0.7%
BIPS ^s	n/a	n/a	n/a	n/a	n/a	n/a	64	78	88	12.8%
Total	4,385	4,142	4,022	3,864	4,528	4,577	5,009	5,129	4,937	-3.3%

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

due to increased subscription fees.

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

Table 4 (below) presents sales data for all IMS book series. In 2010, the IMS published its first volumes in a cooperative arrangement with Cambridge University Press to publish two series, *IMS Monographs* and *IMS Textbooks*. Sales of these volumes

are going very well. The *NSF-CBMS Regional Conference Series* has not published a volume since 2004, though one is expected in 2012 or 2013. The *IMS Collections* series has seen very low sales, and the series has been formulated in order for the IMS to have minimal loss on these volumes. The *IMS Lecture Notes–Monograph Series* ceased publication in 2010. Overall, total revenue for all books decreased to \$12,360 in FY2011 from \$17,148 in FY2010.

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

	to 2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTAL
Total NSF-CBMS sales (8 vols)	4,743	394	328	258	129	108	57	108	57	6,125
Total LNMS sales (58 vols)	23,553	887	603	1,084	628	454	235	297	124	27,865
Total IMS Collections sales (7 vols)	n/a	n/a	n/a	n/a	n/a	n/a	9	3	5	12
IMS Monographs sales (1 vol)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	660	586	1,246
IMS Textbooks sales (1 vol)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	639	491	1,130

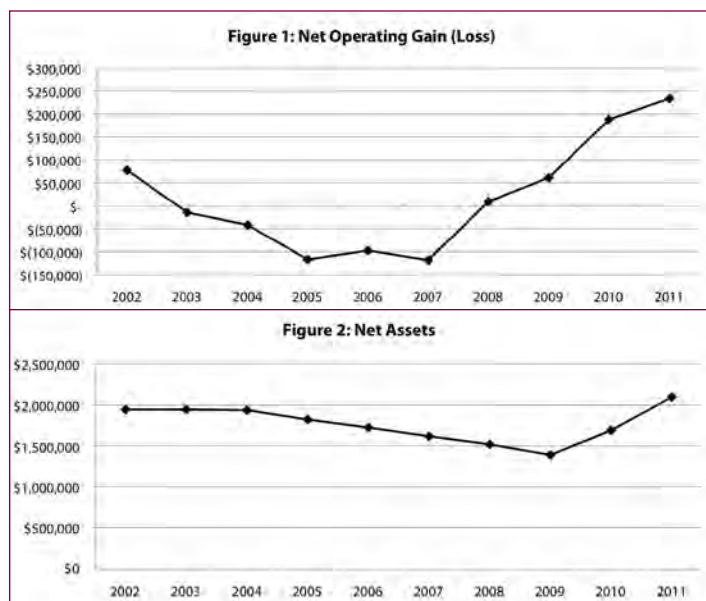
Financial Overview

The following is a detailed analysis of the Financial Statement for FY2011, which is presented in this issue of the *Bulletin*, following this Treasurer's Report. Comparisons are always with FY2010. The overall financial status of the Institute continues to be stable.

Per the auditor's report, in FY2011 we experienced an increase in net assets of \$464,950. This increase is due in part to unrealized gains on our long term investments which totaled \$229,320. These gains are a reflection of the improvements in the financial markets over the last year. 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 FY2011 operational budget that included net operational gains of \$67,835. Due to tight fiscal controls and better than expected revenues, the actual net revenue is \$233,822 from operations in FY2011. In FY2010 the gain on operations was \$188,461.

Please see **Figures 1 and 2** for the history of our net assets and net operating revenue. The Council and Executive Committee made it a high priority to have an operational balanced budget in FY2010 and beyond and to increase net assets back to the levels appropriate for our revenue and expense stream.



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 are up in FY2011 as compared to FY2010 due to increased dues. Print subscription income from members is down as more members opt to use the online access included with

membership. 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 even though the total number of institutional subscribers decreased.
- Sales of back issues are up in FY2011 from FY2010. However, we should bear in mind that, as a trend, print orders are decreasing as electronic access increases.
- Page charges are up significantly in FY2011. Due to its voluntary nature, page charge contributions tend to fluctuate greatly from year to year.
- Revenue from sales of books is down. The IMS is selling fewer books in its self-published series. The series co-published with Cambridge University Press is going very well, however the income the IMS receives from these volumes is relatively lower.
- Meeting income is stable in FY2011. 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.
- The financial report also shows a new line item called, "Managed Meetings": this includes those meetings for which the IMS processes the revenue and pays the expenses for the meeting as a service to the community. These were previously included with the other Scientific Meetings, but in order to better track these they have been moved into their own line item.
- Advertising revenues are up due to more ads placed.
- Offprints, royalty and other showed an increase, as royalties from IMS's interest in JSTOR increased.
- Net profits of joint publication ventures is for the *Journal of Computational and Graphical Statistics* relationship. It is up in FY 2011, due to decreased expenses of that journal.
- Contributions are down slightly as we received fewer donations.
- The realized and unrealized gains on investments shows the increased value we experienced on our mutual funds due to the increase in the markets.
- Interest and Dividends are up in FY2011.
- Net assets released from restrictions are those funds paid out from restricted funds such as the Tweedie Fund.

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 92.9% (vs. 94.5% last year) of your dues dollars goes directly into the program functions of the IMS. The change is largely due to a closer look at what is identified as administrative within the report. More on expenses can be found in the Discussion of Note 8 and 9 sections below.

Discussion of Note 8 in Financial Statements for FY2011

Here you will see the allocation for expenses for Program and General Administrative Expenses. Production and Editorial expenses will be discussed below in the “Discussion of Note 9.”

- Mailing and shipping at the press is down in FY2011 due to decreases in total issues mailed as members opt to use electronic version of journals.
- Salaries are up in FY2011 reflecting wage increases.
- The management fee shows the expenses paid to FASEB for the dues, subscriptions and web services they provide for IMS. This is up in FY2011 as more services were needed in FY2011.
- Scientific meeting expenses are up in FY2011 because of the meeting venue and slightly higher expenses.
- Managed meeting is a new line item to track expenses of meetings managed by the IMS as a service to members.
- The 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 for each publication.
- 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. It is down in FY2011 as more members renew online thereby saving us mailing expenses. In addition, book sales are down so less shipping was required.
- Insurance fees are stable. This includes liability insurance for all officers and editors, publications and business equipment.
- Credit card fees include all processing fees for credit cards. This has increased as more members opt to pay their membership online.
- Professional fees includes fees paid to accountants and lawyers.
- Business meeting expenses are down as the IMS Executive Committee opted to meet by conference call in FY2011.
- Membership drives and publicity includes advertising of journals and IMS membership.
- Information technology services represent the hiring of contractors to provide needed services. This is down in FY2011 due to decreased needs.
- Storage fees are down as we are now storing only two years of back issues.
- Contributions to other organizations includes all dues and

subscriptions to several organizations by the 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 the American Mathematical Society annual salary survey.

- Rent and utilities is for the Executive Director’s office.
- Administrative Services includes assistance with data entry for the Executive Director.
- Printing includes all non-journal printing, including annual invoices and catalogs.
- Computer equipment and software includes equipment for the Executive Director, the Production Manager and the Bulletin Assistant Editor.
- Supplies include all needed office supplies for Executive Director’s office.
- Office and other expenses includes bank fees and other miscellaneous expenses.
- 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 9 in Financial Statement for FY2011

Production Expenses:

- Production expenses for *Annals of Applied Statistics* and *Annals of Applied Probability* are up as the total page count for all these journals was up in FY2011.
- Production expenses for *Annals of Probability* and *Annals of Statistics* are down as fewer pages were published in FY2011.
- *Statistical Science* was stable.
- The *IMS Bulletin* expenses are down due to a decrease from 10 issues to 8 per year and an option for members to receive the publication electronically rather than in print.
- *NSF-CBMS Series* reprinted one volume in FY2010.
- *IMS Collections* printed three issues in FY2010 and only one issue in FY2011.
- *LNMS* is no longer printing any issues.
- The Web Page production expenses were stable in FY2011.
- *AIHP* was stable.
- *Bernoulli* printed extra pages in FY2010. These additional expenses are covered entirely by the Bernoulli Society.
- *Brazilian Journal of Probability and Statistics* was stable.
- Expenses for *Probability Surveys*, *Statistics Surveys* and *Electronic Journal of Statistics* are minimal and shared with the other co-sponsoring societies.
- *Current Index to Statistics* had hosting expenses in FY2011. In

addition, some development funds were allocated in FY2011.

- 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. We experienced decreased rates in FY2011 as all back issues are now in Project Euclid and IMS is no longer posting articles for the open access journals to ArXiv.

Editorial Expenses:

- Editorial expenses for all journals are minimal in FY2011 as all journals have moved into the central editorial office. All editors are within their budgets for the length of their term.
- *Current Index to Statistics* expenses are stable.
- The *IMS Bulletin* assistant editor expenses increased due to changes in the exchange rate as she is located in the UK.
- The Web editor expenses are up. In FY2009 work on a new content management system for the web page was approved. The final phase of this project was completed in FY2011.
- 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 10 in Financial Statement for FY2011

Note 10 shows distribution of funds in restricted accounts.

- Dorweiller, Hotelling, New Researchers and Development Funds experienced no changes.
- The Laha Fund decreased as grants were awarded in FY2011.
- The Tweedie Fund decreased as an award was made in FY2011.
- The Open Access Fund increased due to donations.
- The Le Cam Fund increased due to return on investment for the endowment.

Recommendation

The Executive Committee recommended an institutional subscription fee increase of approximately 9% for 2012. Dues rates for members are increased by US\$5 to US\$108. 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 2011–2012 Council approved these recommendations in June and August 2011.

Jean Opsomer, IMS Treasurer



Financial Statements: 14 pages



Independent Auditors' Report

The Council
Institute of Mathematical Statistics

We have audited the accompanying statement of financial position of the Institute of Mathematical Statistics (the "Institute", a nonprofit organization) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of the Institute as of June 30, 2010. Those financial statements were audited by other auditors whose report dated December 20, 2010, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audit provides 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 the Institute of Mathematical Statistics as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ciuni & Panichi, Inc.

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November 28, 2011



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Institute of Mathematical Statistics

Statement of Financial Position

June 30, 2011 (with comparative totals for 2010)

<u>Assets</u>		2011	2010
Cash and cash equivalents	\$	392,986	\$ 516,498
Investments, at fair market value		1,892,790	1,129,872
Certificates of deposit		1,124,478	1,190,000
Accounts receivable		3,625	8,956
Interest receivable		1,088	1,761
Prepaid expenses		28,000	37,696
Investment in joint venture		-	49,962
Deposits		-	11,000
Restricted cash for endowment		37,746	37,614
Total assets	\$	<u>3,480,713</u>	<u>2,983,359</u>
<u>Liabilities and Net Assets</u>			
Liabilities:			
Accounts payable and accrued liabilities	\$	132,080	\$ 131,869
Unearned memberships, subscriptions, and meeting revenues		1,192,229	1,159,922
Total liabilities		<u>1,324,309</u>	<u>1,291,791</u>
Net assets:			
Unrestricted:			
Undesignated		2,020,541	1,549,582
Board-designated		79,494	85,503
Total unrestricted		<u>2,100,035</u>	<u>1,635,085</u>
Temporarily restricted		23,949	24,063
Permanently restricted		32,420	32,420
Total net assets		<u>2,156,404</u>	<u>1,691,568</u>
Total liabilities and net assets	\$	<u>3,480,713</u>	<u>2,983,359</u>

Institute of Mathematical Statistics

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Statement of Activities

For the year ended June 30, 2011 (with comparative totals for 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	Total 2010
Revenues, gains, and support:					
Membership dues and journal subscriptions	\$ 325,341	\$ -	\$ -	\$ 325,341	\$ 339,690
Non-member subscriptions	1,514,857	-	-	1,514,857	1,481,816
Sales of back issues	12,559	-	-	12,559	10,456
Page charges	41,763	-	-	41,763	24,408
Sales of books	12,360	-	-	12,360	17,148
Scientific meetings	16,500	-	-	16,500	15,915
Managed meetings	151,019	-	-	151,019	-
Advertising	35,500	-	-	35,500	29,383
Offprints, royalties, and other	90,422	-	-	90,422	116,648
Net profit of joint venture publications	5,659	-	-	5,659	3,979
Contributions	-	1,694	-	1,694	3,986
Realized and unrealized gains	229,320	-	-	229,320	110,239
Interest and dividends	37,800	174	-	37,974	35,413
Net assets released from restrictions	1,982	(1,982)	-	-	-
Total revenues, gains, and support	2,475,082	(114)	-	2,474,968	2,189,081
Expenses:					
Program	1,867,088	-	-	1,867,088	1,783,123
General and administrative	143,044	-	-	143,044	104,554
Total expenses	2,010,132	-	-	2,010,132	1,887,677
Changes in net assets	464,950	(114)	-	464,836	301,404
Net assets, beginning of year	1,635,085	24,063	32,420	1,691,568	1,390,164
Net assets, end of year	\$ <u>2,100,035</u>	\$ <u>23,949</u>	\$ <u>32,420</u>	\$ <u>2,156,404</u>	\$ <u>1,691,568</u>

Notes to the Financial Statements

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June 30, 2011

Note 1: 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, IMS Monographs, IMS Textbooks, 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 2: Summary of Significant Accounting Policies

Basis of Presentation

The Institute follows authoritative guidance issued by the Financial Accounting Standards Board (“FASB”) which established the FASB Accounting Standards Codification (“ASC”) as the single source of authoritative accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. 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 governing body of the Institute (the “Council”) to be used for future periods.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Institute and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If donor-imposed restrictions are met in the same year as they are imposed, the net assets are reported as unrestricted.

Institute of Mathematical Statistics

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Statement of Cash Flows

For the year ended June 30, 2011 (with comparative totals for 2010)

	2011	2010
Cash flows from operating activities:		
Changes in net assets	\$ 464,836	\$ 301,404
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Write-off of uncollectible accounts receivable	8,856	-
Net profit of joint venture publications	(5,659)	(3,979)
Realized and unrealized gains	(229,320)	(110,239)
Changes in operating assets and liabilities:		
Accounts receivable	(3,525)	7,486
Interest receivable	673	7,723
Prepaid expenses	9,696	30,852
Deposits	11,000	(7,700)
Accounts payable and accrued liabilities	211	80,076
Unearned memberships, subscriptions, and meeting revenues	32,307	43,943
Net cash provided by operating activities	289,075	349,566
Cash flows from investing activities:		
Purchases of investments and certificates of deposit, net of proceeds from sales	(468,076)	(149,952)
Restricted cash for endowment	(132)	129
Proceeds from dissolution of joint venture	55,621	-
Net cash used by investing activities	(412,587)	(149,823)
(Decrease) increase in cash and cash equivalents	(123,512)	199,743
Cash and cash equivalents, beginning of year	516,498	316,755
Cash and cash equivalents, end of year	\$ <u>392,986</u>	\$ <u>516,498</u>

Notes to the Financial Statements

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June 30, 2011

Note 2: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained by the Institute in perpetuity. Generally, the donors of these assets permit the Institute to use all or part of the income earned on any related investments for general or specific purposes. Permanently restricted net assets consist of cash gifts restricted by donors to establish a fund honoring the memory of Professor Le Cam.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Functional Allocation of Expenses

The costs of providing the program and supporting activities of the Institute have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the appropriate programs and supporting activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Cash and Cash Equivalents

The Institute considers all unrestricted cash and highly liquid investments with initial maturities of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statement of financial position. Interest and dividend income, and realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statement of activities, unless donor-imposed restrictions over specific investment earnings exist, in which case, the investment earnings are classified as either changes in temporarily or permanently restricted net assets in accordance with such donor-imposed restrictions. Temporarily restricted investment income is reported as unrestricted if such restrictions are met in the same fiscal year as the investment income is generated.

June 30, 2011

Note 2: Summary of Significant Accounting Policies (continued)Receivables and Credit Policies

Accounts receivable includes uncollateralized obligations due primarily from the Institute's customers. Payments of receivables are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectability. At June 30, 2011, the allowance for doubtful accounts was \$-0-

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 revenues in the statement of financial position.

Lifetime membership fees are recognized as revenue over an amortization period of 12 to 15 years. Membership and subscriptions periods for lifetime members run from the first day of the calendar year a member subscribes through the member's death. The unearned portion of the revenue is recorded as a liability under the unearned memberships, subscription, and meeting revenues in the statement of financial position.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenues in the period the promise is received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. The promises are initially recorded at their fair value.

Concentrations of Credit Risk

Financial instruments which potentially subject the Institute to concentrations of credit risk consist of cash and cash equivalents and investments.

The Institute has significant investments in equity and debt securities and is, therefore, subject to concentrations of credit risk. Though the market value of investments is subject to fluctuations on a year to year basis, the Institute believes that the investment policy is prudent for its long-term welfare.

June 30, 2011

Note 2: Summary of Significant Accounting Policies (continued)Concentrations of Credit Risk (continued)

At various times during the year ended June 30, 2011, the Institute's cash in bank balances may have exceeded federally insured limits.

Investment in Joint Venture

Investment in joint venture is stated at cost plus the equity in the undistributed earnings of the joint venture since the date 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 8.

Income Taxes

The Institute is a Section 501(c)(3) organization exempt from income taxes on activities related to its exempt purpose under Section 501(a) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. No provision for federal or state income taxes has been reported in its financial statements.

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. The Institute classifies interest and penalties related to income tax matters as income tax expense in the accompanying financial statements. As of June 30, 2011 and 2010, the Institute has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the years then ended. The Institute is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2008.

Advertising

Advertising costs are expenses as incurred. Advertising expense amounted to \$10,585 and \$13,085 for the years ended June 30, 2011 and 2010, respectively.

June 30, 2011

Note 2: Summary of Significant Accounting Policies (continued)Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through November 28, 2011, the date the financial statements were available to be issued.

Note 3: Investments

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:

- 70% in domestic and international equities
- 30% in fixed-income instruments

The allocation of funds held within the investment portfolio is reviewed annually and is rebalanced if the actual allocations differ from the targets stated above by more than five percent.

The Institute's investments are stated at fair value and are summarized as follows at June 30, 2011:

	2011		
	Cost	Fair Value	Unrealized Appreciation
Mutual funds – equities	\$ 1,268,081	\$ 1,339,471	\$ 71,390
Mutual funds – fixed income	<u>546,686</u>	<u>553,319</u>	<u>6,633</u>
Total investments	<u>\$ 1,814,767</u>	<u>\$ 1,892,790</u>	<u>\$ 78,023</u>

Note 4: Fair Value Measurements

In accordance with the "Fair Value Measurements" topic of the FASB ASC, the Institute uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

June 30, 2011

Note 4: Fair Value Measurements (continued)

Financial assets (liabilities) consisted of the following at June 30, 2011:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents:				
Money market funds	\$ 210,049	\$ -	\$ -	\$ 210,049
Certificates of deposit	1,124,478	-	-	1,124,478
Investments:				
Mutual funds – equities	1,339,471	-	-	1,339,471
Mutual funds – fixed income	<u>553,319</u>	<u>-</u>	<u>-</u>	<u>553,319</u>
	<u>\$ 3,227,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,227,317</u>

The Institute maintains accounts with Merrill Lynch and Vanguard Group for operating, operating reserve and reserve funds. Financial assets include a money market fund and several 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 three months to nine months.

Note 5: Investment in Joint Venture

The Institute, American Statistical Association ("ASA"), and Interface Foundation of North America ("IFNA") participated 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 was 40 percent. On January 1, 2011, the joint venture was effectively dissolved.

The Institute's equity was \$-0- and \$49,962 for Journal of Computational and Graphical Statistics (the IFNA venture) at June 30, 2011 and 2010, respectively.

Note 6: Unearned Memberships, Subscriptions, and Meeting Revenues

Unearned memberships, subscriptions, and meeting revenues consist of the following for the years ended June 30:

	2011	2010
Member dues and subscription fees	\$ 144,636	\$ 136,664
Non-member subscription fees	771,963	713,587
Lifetime and lifetime retired membership dues and subscription fees	275,630	305,597
Other deferred revenue	-	4,074
Total unearned memberships, subscriptions, and meeting revenues	<u>\$ 1,192,229</u>	<u>\$ 1,159,922</u>

June 30, 2011

Note 7: Retirement Plan

The Institute participates in an employer matching 403(b) retirement annuity plan. The Institute matches 200 percent of the contributions of eligible employees up to 10 percent of the employee's gross salary. Employees who have completed three years of service are eligible to participate. The Institute contributed \$10,557 and \$10,267 for the years ended June 30, 2011 and 2010, respectively.

Note 8: Functional Expenses

Program and general and administrative expenses for the year ended June 30, 2011 were as follows:

	Program	General and Administrative	Total
Production expenses (see Note 9)	\$ 896,210	\$ -	\$ 896,210
Editorial expenses (see Note 9)	299,269	-	299,269
Mailing and shipping at press	113,970	-	113,970
Salaries, payroll taxes and employee benefits	67,304	67,304	134,608
Management fee	95,317	31,773	127,090
Scientific meetings	60,189	-	60,189
Managed meetings	164,169	-	164,169
Supported journal royalty	84,377	-	84,377
Postage and shipping from office	8,512	3,648	12,160
Insurance	14,685	6,294	20,979
Credit card fees and refunds	19,264	-	19,264
Professional fees	-	19,000	19,000
Business meetings	1,184	-	1,184
Membership drives and publicity	10,585	-	10,585
Information technology service	7,890	-	7,890
Storage	7,566	-	7,566
Contributions to other organizations	7,158	-	7,158
Rent and utilities	1,650	1,650	3,300
Administrative services	-	2,476	2,476
Printing, non-journal	3,812	-	3,812
Computer equipment and software	1,786	766	2,552
Supplies	591	591	1,182
Office expense and other	1,104	473	1,577
Telephone	496	213	709
Bad debt expense	-	8,856	8,856
	<u>\$ 1,867,088</u>	<u>\$ 143,044</u>	<u>\$ 2,010,132</u>

June 30, 2011

Note 8: Functional Expenses (continued)

Program and general and administrative expenses for the year ended June 30, 2010 were as follows:

	Program	General and Administrative	Total
Production expenses (see Note 9)	\$ 983,795	\$ -	\$ 983,795
Editorial expenses (see Note 9)	248,753	-	248,753
Mailing and shipping at press	162,503	-	162,503
Salaries, payroll taxes and employee benefits	66,253	66,253	132,506
Management fee	120,835	-	120,835
Scientific meetings	55,673	-	55,673
Managed meetings	-	-	-
Supported journal royalty	29,827	-	29,827
Postage and shipping from office	16,662	7,141	23,803
Insurance	14,135	6,058	20,193
Credit card fees and refunds	18,556	-	18,556
Professional fees	-	18,000	18,000
Business meetings	14,898	-	14,898
Membership drives and publicity	13,085	-	13,085
Information technology service	10,642	-	10,642
Storage	9,932	-	9,932
Contributions to other organizations	9,443	-	9,443
Rent and utilities	1,650	1,650	3,300
Administrative services	-	3,230	3,230
Printing, non-journal	2,443	-	2,443
Computer equipment and software	1,345	576	1,921
Supplies	861	861	1,722
Office expense and other	1,173	502	1,675
Telephone	659	283	942
	<u>\$ 1,783,123</u>	<u>\$ 104,554</u>	<u>\$ 1,887,677</u>

June 30, 2011

Note 9: Production and Editorial Expenses

Production and editorial expenses incurred were as follows:

	2011	2010
Production expenses:		
Core publications:		
The Annals of Applied Probability	\$ 115,490	\$ 104,000
The Annals of Applied Statistics	164,968	144,072
The Annals of Probability	105,200	121,561
The Annals of Statistics	204,817	247,839
Statistical Science	53,542	56,476
IMS Bulletin	27,951	44,451
NSF - CBMS Series	-	507
IMS Collections	5,662	8,569
The IMS Lecture Notes - Monograph Series	-	14,253
Web page	<u>11,576</u>	<u>13,331</u>
Total core publications	689,206	755,059
Supported publications:		
Annales de l'Institut Henri Poincaré	57,320	55,576
Bernoulli	58,555	64,152
Bernoulli News	3,209	3,420
Brazilian Journal of Probability and Statistics	<u>19,057</u>	<u>19,598</u>
Total supported publications	138,141	142,746
Co-sponsored publications:		
Probability Surveys	348	1,550
Statistics Surveys	193	1,680
Current Index to Statistics	10,721	6,404
Electronic Journal of Statistics	<u>579</u>	<u>5,150</u>
Total co-sponsored publications	11,841	14,784
General publication expenses:		
Electronic operations for all publications	<u>57,022</u>	<u>71,206</u>
Total general publication expenses	<u>57,022</u>	<u>71,206</u>
Total production expenses	<u>\$ 896,210</u>	<u>\$ 983,795</u>

June 30, 2011

Note 9: Production and Editorial Expenses (continued)

	2011	2010
Editorial expenses:		
The Annals of Applied Statistics	\$ 215	\$ -
The Annals of Statistics	-	2,000
The Annals of Probability	-	1,000
Current Index to Statistics	30,000	30,000
IMS Bulletin	69,074	64,936
WWW editor	81,979	41,009
Managing and production editors	95,501	91,808
Central editorial office	<u>22,500</u>	<u>18,000</u>
Total editorial expenses	<u>\$ 299,269</u>	<u>\$ 248,753</u>
Note 10: Net assets		
	2011	2010
The following are net assets available at June 30:		
Unrestricted:		
Undesignated	\$ 2,020,541	\$ 1,549,582
Board-designated:		
Dorweiller Fund	3,600	3,600
Hotelling Fund	1,600	1,600
New Researchers Meeting Fund	31,533	31,594
Development Fund	25,000	25,000
Laha Fund	<u>17,761</u>	<u>23,709</u>
Total Board-designated	<u>79,494</u>	<u>85,503</u>
Total unrestricted	2,100,035	1,635,085
Temporarily restricted:		
Tweedie Memorial Fund	13,642	14,524
Open Access Fund	3,738	3,144
Le Cam Earnings Fund	<u>6,569</u>	<u>6,395</u>
Total temporarily restricted	23,949	24,063
Permanently restricted:		
Le Cam Endowment	<u>32,420</u>	<u>32,420</u>
Total net assets	<u>\$ 2,156,404</u>	<u>\$ 1,691,568</u>

End of Financial Statements