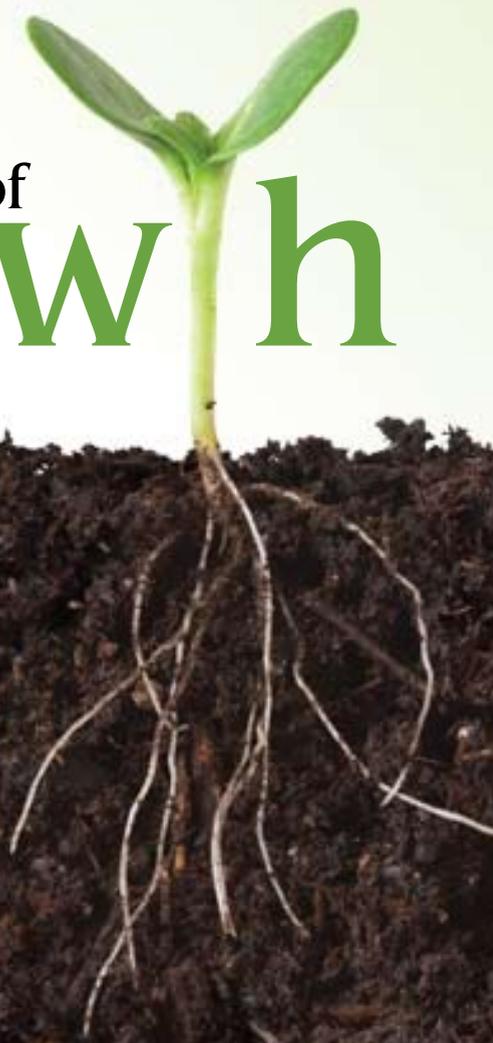


A Year of  
**Grow** h





## 2006 Annual Report

# A Year of Growth

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## Dear Members

2006 marked a banner year for growth at the Risk and Insurance Management Society, Inc. Since its beginning in 1950, the Society has served as a powerful platform for educating, informing and representing the risk management community. This year, RIMS followed in our tradition of delivering outstanding programs and expanding upon the tools and resources we offer.

### Knowledge is Power

This year, the successful RIMS Fellow® (RF) and Professional Development (PD) programs continued to grow in popularity. Some 38 RF workshops and PD courses were held in 2006, with attendance hitting an all-time high of 786 participants. A number of the educational workshops and courses held across the U.S. and Canada were booked solid. Some of the most in-demand topics focused on enterprise risk management (ERM), D&O and workers' compensation.

### An Expanding Portfolio of Resources

As the demand for and interest in risk management grows at all levels of business, RIMS objectives expand to include arming risk practitioners with the tools they need to measure both threats and opportunities across the organization, and build stronger and more effective risk programs. For this, RIMS launched the Enterprise Risk Management Risk Maturity Model and further developed the online Enterprise Risk Management Center of Excellence. And to support members' search for identifying their optimal career paths and finding ways to get there, RIMS launched a number of Career Service offerings.

### First-Class Learning and Networking

Honolulu, Hawaii, served as an enjoyable destination for participants at RIMS 2006 Annual Conference & Exhibition. The event drew many senior risk practitioners and CXOs who enjoyed abundant networking opportunities, a significant exhibition presence and top-notch educational sessions. RIMS 2006 met the industry's thirst for information on enterprise risk management by increasing the number of ERM sessions. Also popular was the Leadership Panel, gathering a large group of industry luminaries in a real-time dialogue on key issues and trends.

### Making a Difference

As members are aware, RIMS has been at the forefront of the introduction, adoption and extension of the Terrorism Risk Insurance Act. RIMS members have testified before Congress and we have brought our message directly to Capitol Hill. With this vital legislation set to expire December 31, 2007, RIMS issued its "Position on a Long-Term Solution to Terrorism Exposure". With the support of our members, we will continue to work closely with leaders in Congress, as well as industry partners, to ensure that there continues to be a federal backstop to terrorism exposure in the United States beyond 2007. We also maintain a commitment to act on other key legislation relevant to the industry.

### Growth Generates Opportunity

We celebrate RIMS achievements this past year and look forward to continuing the momentum of growth and quality service in 2007. Enclosed you will find more information on our many new initiatives and core programs this past year. We extend many thanks to RIMS dedicated volunteers, committee members, House of Delegates, Board of Directors and staff. And, of course, we thank RIMS members for your unwavering support in 2006 and beyond!

Sincerely,



Michael Liebowitz  
President and Director



Mary Roth, ARM  
Executive Director



RIMS 2006 -2007

# Board of Directors

## President and Director



**Michael Liebowitz**  
*Director, Risk Management and Insurance  
New York University*

## Vice President and Director



**Janice Ochenkowski, ARM**  
*Managing Director  
Jones Lang LaSalle Incorporated*

## Treasurer and Director



**Deborah M. Luthi, ARM, CCSA**  
*Director, Risk Management Services  
University of California, Davis*

## Secretary and Director



**Joseph A. Restoule, CIP, CRM**  
*Leader, Risk Management  
NOVA Chemicals Corp.*

## Directors



**Janet E. Barnes, ARM**  
*Risk Manager  
Snohomish County  
Public Utility District No. 1*



**Karen Beier, ARM**  
*Vice President, Risk Management  
Shaklee Corp.*



**Scott B. Clark, AAI**  
*Risk and Benefits Officer  
Miami-Dade County Public  
Schools*



**Terry Fleming**  
*Director, Division of Risk Management  
Montgomery County, Maryland*

## RIMS Committees, Councils and Governing Bodies

Audit, Conference Programming, ERM Development, Exhibits Advisory, External Affairs, Finance, House of Delegates, Member and Chapter Services, Nominating, Professional Development Advisory, Quality Advisory, RIMS Canada Council, Student Involvement, Technology Advisory



**Michael J. Gaona, CFA**



**Jackie Hair, ARM**  
*Corporate Director, Worldwide Risk Management  
Ingram Micro, Inc.*



**John Hughes, ARM**  
*Director, Risk Management  
Alex Lee, Inc.*



**Kim A. Hunton, MPA, FCIP, RF**  
*Risk Manager  
City of Ottawa*



**Dan Kugler, ARM, CEBS, CPCU**  
*Assistant Treasurer, Risk Management  
Snap-on, Inc.*



**Janice McGraw, CRM, RF**  
*Manager, Risk Management and Insurance  
McGill University*



**John Phelps, ARM, CPCU**  
*Director, Business Risk Solutions  
Blue Cross and Blue Shield of Florida, Inc.*



**Ellen Vinck, ARM**  
*Vice President, Risk Management and Benefits  
BAE Systems Ship Repair*

### Ex Officio

# About the Risk and Insurance Management Society, Inc.

The Risk and Insurance Management Society, Inc. (RIMS) is a not-for-profit membership organization dedicated to advancing the practice of risk management. RIMS provides the risk management community with career, news, educational and networking resources. It also lobbies on legislation affecting commercial insurance and corporate risk management. Founded in 1950, RIMS represents nearly 4,000 industrial, service, nonprofit, charitable and governmental entities. The Society serves more than 10,000 risk management professionals around the world.

*RIMS staff is tasked with supporting the Society's members by providing risk professionals with the information, resources and tools they need to succeed.*



**Executive Director**  
Mary Roth, ARM



## RIMS Senior Staff

**Top Left to Right:** Lynn Chambers, *Chief Financial Officer*; Vincent Seglior, *Director of Professional Development*; Mary Roth, *Executive Director*; Ellen R. Dunkin, *General Counsel*; Salvatore J. Chiarelli, *Director of Meetings and Events*; Valerie Cammisso, *Director of Membership and Chapter Services*

**Bottom Left to Right:** Inna Getselis, *Director of Marketing and Communications*; Bill Coffin, *Director of Publications*; Andy Steggle, *Chief Information Officer*



# RIMS Staff

## Executive Office

Executive Director: Mary Roth  
 General Counsel: Ellen R. Dunkin  
 Government Affairs Manager: Lisa Brechtel  
 Human Resources Manager: Deborah Flam  
 Executive Assistant: Aurea Hernando

## Finance and Administration

Chief Financial Officer: Lynn Chambers  
 Controller: David Haar  
 Accountant: Martha Agostini  
 Accountant: Debbie Labayan  
 Accounting Clerk: Servio Montero  
 Mailroom and Office Services: Ian Ellis

## Information Technology

Chief Information Officer: Andy Steggles  
 Senior Systems Developer: Scott Baldrige  
 Senior Systems Developer: Bronia Mynbaeva  
 Information Technology Manager: Meg McGeady  
 Network Administrator: Eugene Frazier  
 Webmaster: Vyn Raskopf  
 Records Management Manager: Donna Lynn Pilato  
 Records Management Associate: Evangelyn Duran  
 Records Management Administrator: JoAnn LoRe  
 Records Management Associate: Joyce Fescina

## Marketing and Communications

Director of Marketing and Communications: Inna Getselis  
 Marketing Manager: Robin Tallant  
 Marketing Associate: Emilia Fuksin  
 Communications Associate: Felicia Messimer  
 Art Director: Margo Matatov  
 Senior Designer: Joseph Ricci  
 Spencer Educational Foundation Administrator: Angela Sabatino

## Meetings and Events

Director of Meetings and Events: Salvatore J. Chiarelli  
 Conference Operations Manager: Ann Marie Devine  
 Meetings and Events Manager: Blanca Ferreris  
 Conference Sales Manager: Danielle SanMarco  
 Senior Conference Programming Specialist: Kamy Persaud  
 Meeting Planner: Samantha Cohn

## Membership and Chapter Services

Director of Membership and Chapter Services: Valerie Cammiso  
 Membership and Chapter Services Manager: Jennifer Berman  
 Membership and Chapter Services Associate: Wendy Gargiulo  
 Membership Associate: Theresa Medina  
 Chapter Services Manager: MaryBeth Kurland  
 Chapter Services Liaison: Darlene Lebron  
 New York Chapter Administrator: Mimi Eckert

## Publications

Director of Publications: Bill Coffin  
 Editor-in-Chief of Risk Management Magazine: Morgan O'Rourke  
 Editor of Risk Management Magazine: Jared Wade  
 Senior Advertising Manager: Ted Donovan  
 Account Manager: Lynne Lancaster  
 Circulation Manager: Callie Nelson  
 Senior Designer: Karen Arbasetti

## Professional Development

Director of Professional Development: Vincent Segior  
 Education Manager: Fran Jordan  
 Program Manager: Pamela Mata  
 Education and Research Associate: Marianne Cullen

# A Budding Constituency, a Growth of Offerings

## RIMS Membership

The cornerstone of RIMS, members represent corporate risk professionals across every industry, as well as a broad array of educators, service providers and students. These risk professionals embrace RIMS as **the** organization for risk management resources, tools and networking opportunities. RIMS membership continues to grow at a steady pace—at the end of 2006, membership was up 3.67 percent from 2005, representing more than 9,900 risk professionals worldwide. We are well within our goal of reaching 10,000 members in early 2007!

### New Services

The new *Career Center*, launched early in 2006, features a searchable Job Bank, as well as a set of options that assist in writing and formatting resumes, accessing risk management-related career resources and articles, and personal and professional assessments. Users can manage a dedicated job search calendar. And employers can post job listings in search of qualified applicants.

The *RIMS Risk Maturity Model for Enterprise Risk Management* became available in November. This cutting-edge tool provides standardized criteria by which organizations can evaluate and improve their approach to enterprise risk management. It features a real-time benchmarking exercise that allows risk managers and their CXOs to score key attributes of their risk management programs and generates a personalized ERM program assessment. This serves as a valuable resource for executives tasked with risk management responsibilities, allowing you to view how mature and effective your ERM program is, and offering “next steps” for you to advance your risk program. The RIMS Risk Maturity Model for Enterprise Risk Management presents a five-level progression, from “Non existent” to “Leadership”. The seven drivers for the systematic progression of levels are termed as “Attributes” and include variables such as ERM Process Management, Risk Appetite Management, Uncovering Risks, and Business Resiliency and Sustainability. *Have you completed an ERM assessment yet?* We urge all executives tasked with risk management responsibilities to use the assessment tool today!

RIMS Quality Guidelines, revised in 2006, provide a framework to identify and measure the expectations between risk managers and service providers. These guidelines are essential in obtaining high-quality customer service in the insurance transaction process. In addition, RIMS held its first Quality Forum early in the year with executives from the major brokers, insurance companies, industry associations and its own leadership.

RIMS Membership and Chapter Services Committee, along with the Publications groups, also produced the much in-demand *Certificates of Insurance* handbook.

### Chapter Services

With 80 chapters based primarily in the U.S. and Canada, and one each in Mexico and Japan, member involvement at the chapter level truly enhances one’s experience with RIMS. Chapter leadership has opportunities, such as group conference calls, membership growth and event organization. In 2006, RIMS held conference calls with chapter officers focused on the chapter recognition program (CRP) and chapter finances. We also traveled to several chapters to conduct strategic planning meetings, supported regional conferences and the 2006 RIMS Canada Conference. *RIMS is always looking for new ways to support our chapters. Have an idea—contact us today!*

### PERK up!

The Professional Exchange of Risk Knowledge (PERK) Program is a unique partnership between RIMS, RIMS chapters and industry experts that offers free programming to local chapters. In 2006, the PERK Program saw more than 40 sessions requested by chapters and offered seven different programming options.

### Board of Directors Chapter Liaison Program

As part of the efforts to bring the Society matters to members, RIMS Board of Directors continued scheduling visits to chapters. Through the Chapter Liaison Program, each chapter is assigned a member of the board of directors who will act as their liaison to the Society. Liaisons speak at chapter meetings, act as mentors to chapter leadership and serve as a general link between RIMS and the chapter.

### Simplifying Chapter Administration

Chapter officers were provided with an easier way to handle chapter administration. The chapters section of RIMS website was refreshed, offering chapter officers a dashboard where they can access tools such as handbooks, tip sheets and membership reports.



## New for 2007

**RPost**, a registered e-mail service provider provides e-mail users with legally valid evidence of e-mail content and attachments that were sent and received, by whom and when.

**IdentitySweep** allows individuals to track personal information—credit cards, social security number—in order to protect against fraud and identity theft.

**2007 Risk Management Compensation Survey**, compiled by Salary.com, Inc., is the premier source of compensation data in the risk and insurance management profession. The survey presents base salary and incentive data for 12 industry-specific jobs categorized by company size (full time employees and annual revenues), risk management department size, industry and geography.

***Enterprise Risk Management for Dummies***, published by Wiley Publishing, Inc., and authored by members of RIMS ERM Development Committee, Joanna Makomaski, risk manager at Enbridge Gas Distribution, Inc., and Beaumont Vance, senior enterprise risk manager at Sun Microsystems, provides RIMS members with an easy-to-read reference guide for ERM. In the tradition of *Dummies* books, the guide uses a simplified approach, complete with cartoons and humorous icons to dispel worries and inspire confidence. The 44-page reference booklet offers a valuable start-up guide for those new to ERM, complete with easy-to-understand ERM terms and useful tips and instructions on developing a solid ERM program.

# Growth of RIMS Membership

2003 8,588

2004 8,920

2005 9,573

2006 9,900

2007 GOAL 10,000+



## Recognizing Leadership, Excellence



### 2006 Harry and Dorothy Goodell Award

**Roger L. Andrews**

*Director of Risk Management, E.D. Bullard Company*

*RIMS President 2000-2001*

RIMS most prestigious honor, the Harry and Dorothy Goodell Award pays tribute to an individual who has furthered the goals of the Society and the risk management discipline through outstanding service and achievement. The award is named in honor of RIMS first president, Harry Goodell.



### 2005 Ron Judd "Heart of RIMS" Award

**Cheryl P. Johnson, ARM**

*Executive Director of Risk Management, Dallas Independent School District*

*RIMS Dallas-Fort Worth Chapter*

**Diana Rich, ARM**

*Director of Risk Management, RemedyTemp, Inc.*

*RIMS Orange County Chapter*

The award recognizes the legacy left by Ron Judd, who served as RIMS Executive Director for 22 years, and is homage to the admiration that a chapter feels for one of its members. Individuals are nominated by chapters for outstanding performance in furthering risk management at the chapter level.

### 2005 Cristy Award

**Frances Duron**

*Risk Manager, Capital Pumping*

The Cristy Award is presented annually to the risk professional that earns the highest cumulative average in the three exams leading to the Associate of Risk Management (ARM) designation.

## and Industry Contributions RIMS Award Winners



### 2005 Chapter Awards Program

#### Overall Chapter Excellence Award

- South Texas
- Palm Beach
- Orange County
- San Diego
- Dallas-Fort Worth
- Minnesota

#### Outstanding Chapter Programming

- South Texas
- Broward County
- Palm Beach
- Orange County
- San Diego
- Houston



#### Advancing the Risk Management Profession

- South Texas
- Palm Beach
- Orange County
- San Diego
- Dallas-Fort Worth
- Houston
- Minnesota

#### Outstanding Member Services

- Palm Beach
- Orange County
- San Diego
- Dallas-Fort Worth
- Minnesota
- Rocky Mountain

*The Ron Judd "Heart" of RIMS Award, Cristy Award, and the RIMS Chapter Awards were presented for accomplishments made in 2005.*

# Action Items and Legislative Priorities

## RIMS and Government Affairs

In 2006, RIMS continued its role of advocacy for the risk management community on Capitol Hill. Much of the activity focused on the critical passage of legislation to extend the Terrorism Risk Insurance Act (TRIA).

### **Terrorism Risk Insurance Act (TRIA)**

Terrorism is one of the largest and least predictable catastrophic exposures for businesses, and RIMS remains significantly concerned about the fast-approaching expiration of the Terrorism Risk Insurance Extension Act (TRIA) on December 31, 2007, without any long-term successor program in place.

In March, RIMS testified at the National Association of Insurance Commissioners' (NAIC) public hearing on terrorism insurance matters. The hearing, which took place in New York City and was chaired by New York State Insurance Superintendent Howard Mills, included 21 speakers from various industry trade associations, insurance corporations and membership groups. RIMS testimony advocated nine key principles for the development of a long-term solution in TRIA. The Society recommended that it include nuclear, biological, chemical and radiological (NBCR) events caused by terrorism, as well as eliminate the distinction between "foreign" and "domestic" acts of terrorism.

RIMS continued its efforts in July, testifying before the House Committee on Financial Services, Subcommittee on Oversight and Investigation, and the Homeland Security Subcommittee on Intelligence, Information Sharing, and Terrorism Risk Assessment concerning "Terrorism Threats and the Insurance Market". RIMS testimony discussed terrorism concerns and the insurance market from the perspective of the risk management community, noting the critical issue as the potential lack

of availability for risk managers to purchase terrorism insurance in the event that the TRIA is allowed to sunset on December 31, 2007. RIMS stated that we consider the availability of adequate insurance for acts of terrorism not solely an insurance problem, but a national security and economic issue.

In December, RIMS released its "Position On A Long-Term Solution To Terrorism Exposure," which identified critical factors that should form the foundation of any solution to the Terrorism Risk Insurance Act, outlining four principles that we feel should underlie any plan that is adopted. This includes: 1) a private/public partnership provides the best alternative to addressing the long-term needs of availability and affordability of insurance to cover acts of terrorism; 2) any solution needs to address the long-term availability and affordability of insurance coverage for nuclear, biological, chemical and radiological (NBCR) events caused by terrorism; 3) all commercial property, workers' compensation, and liability lines should be included in any new plan; and 4) insurance companies writing commercial lines should be required to participate in the program and be required to make coverage available for acts of terrorism.

RIMS is committed to continuing to work closely with Congress, other trade associations, industry coalitions, insurers and the risk management community to drive a long-term solution to TRIA and maintaining the inventory and affordability of much-needed insurance programs for American businesses.

### **The Non Admitted and Reinsurance Act (Surplus Lines)**

In June, RIMS testified in favor of H.R. 5637—the Non-Admitted and Reinsurance Reform Act of 2006—which was later amended and passed by the House of Representatives in the fall of 2006. This bill provides an exemption from the payment of premium tax in all but the home state of the insured, where such insurance is purchased by certain defined purchasers who employ a "qualified risk manager". RIMS is continuing to work with leaders in Congress to amend the definition of a "qualified risk manager" so that it is not limited to those who possess an "advanced degree", as that excludes a majority of our members.



*A meeting of the minds at RIMS on the Hill 2006.*



### **RIMS on the Hill**

In June 2006, more than 40 risk managers descended on Washington, D.C., for the eighth annual RIMS on the Hill. With the futures of the Terrorism Risk Insurance Act (TRIA) and optional federal charter under consideration, members delivered clear and unequivocal messages to Capitol Hill with the objective of effectively advancing the interests of the risk management community. RIMS on the Hill took a two-pronged approach: education and action. The program began with briefings and discussion on high priority legislative issues, laying the foundation for the challenge of lobbying Congress. On the second day, RIMS members met with some 36 Congressional leaders to bring the issues to life by explaining how the proposed legislation affects their function and what the end results will be for their businesses.

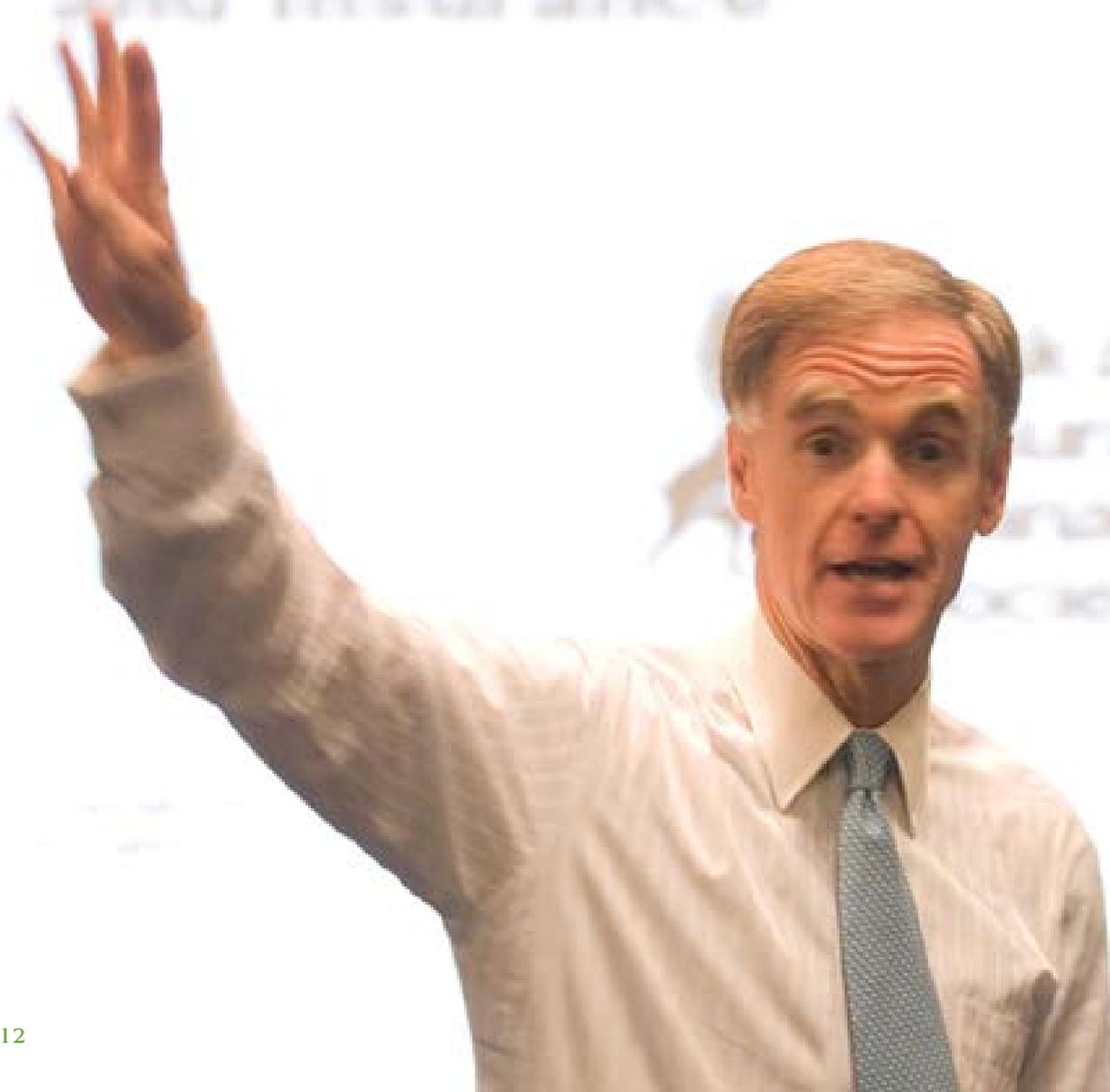
## **New for 2007**

Watch for the **RIMS Legislative Action Center** on the RIMS website. This interactive offering will allow you to search a database of congressional leaders, check their voting records and send them messages in real-time!

RIMS Fellow® (RF) candidates  
**grew this year to 158, from 131 in 2005.**

RF designees **grew to 61 from 53.**

Canadian Risk Management (CRM) designation  
**grew to 341 from 300!**



# Planting the Seeds for Success

## RIMS Professional Development Programs

**RIMS conducts interactive workshops and seminars on important elements of risk and insurance management. We also run the RIMS Fellow® (RF) designation program.**

RIMS Fellow® (RF) and Professional Development (PD) workshops offer top-level courses that assist today's risk professionals in developing strong programs and implementing the latest tactics for a standout and effective risk strategy.

In 2006, RIMS was active in organizing educational workshops, as well as "in-company" training sessions and new on-line courses. Some 38 RF workshops and PD courses were held this past year. We also experienced tremendous success in two RIMS Enterprise Risk Management Summits, six "in-company" training series and a handful of online courses. Registration hit an all-time high with 786 registrants (compared with 683 registrants in 2005).

RIMS Professional Development group has developed some popular Spanish courses, including *Financiamiento de Riesgos* (Risk Financing) and *Empresas de Seguros Cautivas* (Captive Insurance Company). Participants in these courses included executives from Bolivia, Colombia, Costa Rica, Dominican Republic, El Salvador, Mexico and Venezuela. Three webinars were offered, including "Stock Option Back Dating", "Business Continuity Planning: Becoming the Resilient Enterprise" and "Effective ERM Policies, Processes and Tools: The Debate Goes On".

“The RIMS Fellow® designation **raises the profile of the risk manager within the business community,** which in turn adds credibility to the role of risk management within any given organization.”

Carrie Green, Finance and Administration Manager Canadian Universities Reciprocal Insurance Exchange Burlington, Ontario



## New for 2007

In 2007, RIMS will hold a record 51 educational courses and workshops, including new topics such as *Strategic Risk Control*, *Alternative Risk Financing Strategies* and *Risk Mapping*. Members will also have access to more courses on Enterprise Risk Management, from starter levels to courses for the advanced ERM practitioner. We are also planning webinars on *RIMS Benchmark Survey™*, *RIMS Risk Maturity Model for ERM*, *RIMS Risk Management Compensation Survey*, a *Speak Finance Like a Native* three-part series and other hot topics and industry trends.

# Uniting Risk Professionals

## Meetings and Events



The risk management community recognizes that the RIMS Annual Conference & Exhibition is the only event of its kind to bring together all the industry players for the ultimate learning and networking experience. Annually, some 10,000 risk professionals, including more than 400 exhibiting insurers, brokers and service providers convene in one city for five days of supreme learning and networking.

### **RIMS 2006—Honolulu, Hawaii**

With the beauty of Honolulu serving as its backdrop, RIMS 2006 proved to be a resounding success. From the large crowd at the luau-themed Gala Opening Reception to the Exhibit Hall featuring more than 350 companies, RIMS 2006 offered attendees a full plate of exciting experiences.

RIMS 2006 was the launching pad for the ground-breaking 10-session Enterprise Risk Management track that captured the interests of thousands of attendees. RIMS took 100 attendees offsite for two hands-on experiences at the Pacific Tsunami Warning Center and Chevron Hawaii Refinery. And the Hot Topics included cutting-edge sessions on disaster recovery and business continuity.

Keynote speakers included Enron whistleblower Lynn Brewer, who enthralled the audience with her Enron experiences as the trial of the two chiefs was ongoing at the time. Jeff LaDouce, of the Pacific Tsunami Warning Center, gave a dramatic presentation on the great tsunami of 2004 and both national and international developments since to warn about new dangers. Lori Jorgensen of software giant Microsoft provided insights to the tools that allow her group to engage in sophisticated risk management mapping. And Major League Baseball's Anthony Avitabile presentation about the current risk management philosophy and key areas that continue to drive MLB success rounded out the outstanding program.

The much-anticipated Leadership Panel featured CEOs such as those from Aon, ACE, Marsh, AIG, Integro, Arthur J. Gallagher and FM Global, who shared views with conference participants on the need to focus on quality and client service, timely policy delivery and the impending TRIA expiration. But the biggest issue facing insurers at the moment, they said, is one of integrity.

At the Annual Membership Meeting, Michael Liebowitz, director of risk management and insurance at New York University, was introduced as the new RIMS president and Roger Andrews, director of risk management at E.D. Bullard Co. was presented with the Society's highest honor—the Harry and Dorothy Goodell Award—recognizing his outstanding lifetime achievement in the field of risk management. RIMS Executive Director, Mary Roth, stressed the importance for all risk managers to strive for excellence as they advance in their careers and using RIMS as a catalyst.



## New for 2007

### *RIMS 2007—New Orleans*

To partake in the rebirth of New Orleans, RIMS 2007 hosts events such as the first ever Community Service Day and Comedy Benefit. Hundreds of risk professionals will help restore New Orleans' renowned City Park. And Dennis Miller is featured in an evening of fun and laughs at the Comedy Benefit for New Orleans, from which the proceeds will be used to purchase an emergency command vehicle. Other items of note include keynote addresses from pandemic expert Dr. Michael Osterholm, FEMA's David Marstaud and NASCAR's director of risk management, David Holcombe, as well as an increased ERM track—18 sessions in all. We anticipate an amazing conference in the Big Easy!





March 2006

# RISK MANAGEMENT

A PUBLICATION OF THE RISK AND INSURANCE MANAGEMENT SOCIETY, INC.

M A G A Z I N E

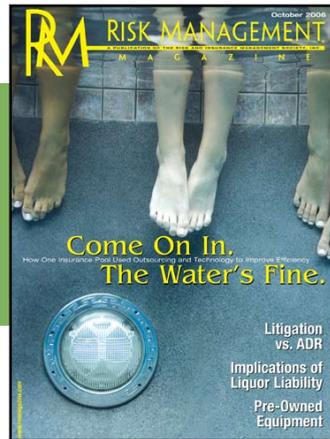
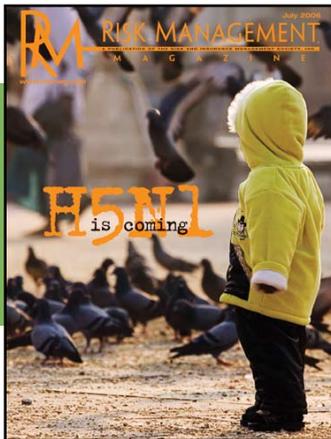
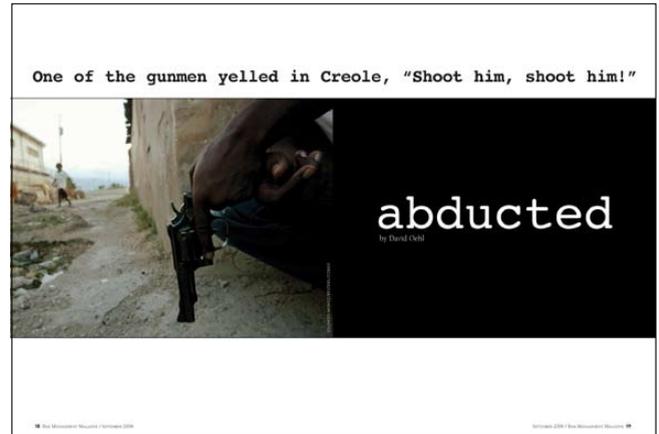
[www.RMmagazine.com](http://www.RMmagazine.com)

## Connecting the Risk Management Community

*Risk Management Magazine RIMS Publications*



*Risk Management Magazine* cast a wider editorial net in 2006, covering stories that expanded upon traditional risk management content. Throughout the year we published standout articles such as those on Enterprise Risk Management, avian flu, disaster management, captive insurance, insurance pools, workers compensation myths and a first-ever review of the year's top stories in risk management. The year was also marked by a substantial increase in reader involvement and article contributions, as well as a significant volume of letters to the editor.



## New for 2007

Strategic Partnerships: Look out for the *BusinessWeek* and *Wall Street Journal* special ad sections that feature content by *Risk Management Magazine*.

*Risk Management Magazine* is working on producing a 13th special issue that will focus entirely on the topic of ERM.

New additions: *Risk Management Magazine* will introduce several new sections including a news section, facts and figures, and a section devoted entirely to RIMS news and events.

RIMS will publish updated handbooks on topics such as selecting an insurance broker and a collective glossary of risk management terms.

# Nurturing the Needs of RIMS Members

## Website and Technology

There are some disaster situations from which an organization cannot recover using only local systems for its technology. With this in mind, RIMS established a Disaster Recovery site with redundant servers and integrated co-location. RIMS senior management successfully tested the site in the summer and more are planned for the future.

RIMS made a commitment to grow its website and to re-publish content that our members find useful. One such area of the website is the *ERM Center of Excellence*, which grew this year to include the *Risk Maturity Model for Enterprise Risk Management*, as well as helpful Tools and Education sections.

Another focus was the upgrade, redesign and rebuilding of the RIMS chapter websites. In 2006, RIMS offered chapters the opportunity to upgrade their online presence to a newer state-of-the-art Microsoft .Net 2.0 system. The first chapter website using the new design was launched in December 2006.





# New for 2007

Through a series of webinars and online tutorials, RIMS plans to migrate as many chapter websites as possible onto the new platform.

More of RIMS website existing pages will be migrated to the .Net platform, which will improve the overall performance of the site.

The *Buyer's Guide* will relaunch and commence a project to populate its listings.

An improved *Resource Library* with many social media tools embedded which will allow users to provide comments, rate documents, view visitor's demographics and submit related URLs.

2006 Annual Report

A Year of  
**Growth**

Financials

**RISK AND INSURANCE MANAGEMENT  
SOCIETY, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
(with supplemental information)**

**Years Ended December 31, 2006 and 2005**

**RISK AND INSURANCE MANAGEMENT  
SOCIETY, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
(with supplemental information)**

**Years Ended December 31, 2006 and 2005**

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

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**December 31, 2006 and 2005**

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## Independent Auditors' Report

Board of Directors

**Risk and Insurance Management Society, Inc. and Subsidiary**

New York, NY

We have audited the accompanying consolidated statements of financial position of **Risk and Insurance Management Society, Inc. and Subsidiary** (the Organization) as of December 31, 2006 and 2005, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's 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 audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of **Risk and Insurance Management Society, Inc. and Subsidiary** at December 31, 2006 and 2005, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Boo Seidman, LLP*

February 16, 2007

# Risk and Insurance Management Society, Inc. and Subsidiary

## Consolidated Statements of Financial Position

December 31,	2006	2005
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 690,764	\$ 1,374,230
Advertising receivables, less allowance for doubtful debts of \$1,712 in 2006 and \$1,712 in 2005	153,289	76,042
Other receivables	6,881	84,176
Prepaid conference expenses	251,527	379,877
Other prepaid expenses and deposits	248,179	100,679
<b>Total current assets</b>	<b>1,350,640</b>	<b>2,015,004</b>
<b>Noncurrent assets</b>		
Property and equipment, net	1,875,334	1,975,310
Investments, at fair value	11,368,901	8,936,037
<b>Total noncurrent assets</b>	<b>13,244,235</b>	<b>10,911,347</b>
<b>Total assets</b>	<b>\$ 14,594,875</b>	<b>\$ 12,926,351</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 597,977	\$ 700,282
Deferred conference revenue	3,011,370	2,681,465
Deferred dues revenue	1,123,356	1,156,672
Other deferred revenue	456,319	464,138
Deferred rent, current portion	15,430	9,260
<b>Total current liabilities</b>	<b>5,204,452</b>	<b>5,011,817</b>
<b>Noncurrent liability</b>		
Deferred rent, net of current portion	862,378	889,119
<b>Total liabilities</b>	<b>6,066,830</b>	<b>5,900,936</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Unrestricted	8,518,012	7,004,632
Temporarily restricted	10,033	20,783
<b>Total net assets</b>	<b>8,528,045</b>	<b>7,025,415</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,594,875</b>	<b>\$ 12,926,351</b>

*See accompanying summary of accounting policies and notes to consolidated financial statements.*

# Risk and Insurance Management Society, Inc. and Subsidiary

## Consolidated Statements of Activities

Years ended December 31,	2006			2005		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue, Gains, and Other Support</b>						
Conference	\$ 4,994,002	\$ -	\$ 4,994,002	\$ 6,893,461	\$ -	\$ 6,893,461
Membership dues	2,035,866	-	2,035,866	1,826,341	-	1,826,341
Advertising	1,036,198	-	1,036,198	889,423	-	889,423
Magazine and publishing	733,775	-	733,775	663,028	-	663,028
Member and chapter services	603,602	-	603,602	481,799	-	481,799
Professional development	513,857	-	513,857	435,150	-	435,150
Other revenue	371,173	-	371,173	470,959	-	470,959
Investment income	1,171,299	-	1,171,299	619,949	-	619,949
Net assets released from restrictions:						
Satisfaction of program restrictions	10,750	(10,750)	-	19,217	(19,217)	-
<b>Total revenue, gains, and other support</b>	<b>11,470,522</b>	<b>(10,750)</b>	<b>11,459,772</b>	<b>12,299,327</b>	<b>(19,217)</b>	<b>12,280,110</b>
<b>Expenses</b>						
<b>Program services</b>						
Meetings and events management	2,516,228	-	2,516,228	2,567,798	-	2,567,798
Risk Management Magazine	1,508,250	-	1,508,250	1,546,594	-	1,546,594
Professional development	665,157	-	665,157	591,582	-	591,582
Marketing and communications	782,623	-	782,623	787,205	-	787,205
Membership and chapter services	604,401	-	604,401	482,838	-	482,838
Government affairs	186,863	-	186,863	196,039	-	196,039
<b>Total program services</b>	<b>6,263,522</b>	<b>-</b>	<b>6,263,522</b>	<b>6,172,056</b>	<b>-</b>	<b>6,172,056</b>
<b>Supporting services</b>						
General and administration	3,157,470	-	3,157,470	3,329,827	-	3,329,827
Member services	536,150	-	536,150	545,791	-	545,791
<b>Total supporting services</b>	<b>3,693,620</b>	<b>-</b>	<b>3,693,620</b>	<b>3,875,618</b>	<b>-</b>	<b>3,875,618</b>
<b>Total expenses</b>	<b>9,957,142</b>	<b>-</b>	<b>9,957,142</b>	<b>10,047,674</b>	<b>-</b>	<b>10,047,674</b>
<b>Change in net assets</b>	<b>1,513,380</b>	<b>(10,750)</b>	<b>1,502,630</b>	<b>2,251,653</b>	<b>(19,217)</b>	<b>2,232,436</b>
<b>Net assets at beginning of year</b>	<b>7,004,632</b>	<b>20,783</b>	<b>7,025,415</b>	<b>4,752,979</b>	<b>40,000</b>	<b>4,792,979</b>
<b>Net assets at end of year</b>	<b>\$ 8,518,012</b>	<b>\$ 10,033</b>	<b>\$ 8,528,045</b>	<b>\$ 7,004,632</b>	<b>\$ 20,783</b>	<b>\$ 7,025,415</b>

See accompanying summary of accounting policies and notes to consolidated financial statements.

# Risk and Insurance Management Society, Inc. and Subsidiary

## Consolidated Statements of Cash Flows

<i>Years ended December 31,</i>	2006	2005
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,502,630	\$ 2,232,436
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation and amortization	398,692	555,236
Loss on sale of fixed assets	-	62,599
Net realized and unrealized gains on investments	(673,027)	(287,492)
<b>(Increase) decrease in assets</b>		
Advertising receivables	(77,247)	(30,864)
Other receivables	77,295	(71,946)
Prepaid conference expenses	128,350	(199,303)
Other prepaid expenses and deposits	(147,500)	33,122
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	(102,305)	44,986
Deferred conference revenue	329,905	(146,557)
Deferred dues revenue	(33,316)	183,645
Other deferred revenue	(7,819)	92,975
Deferred rent	(20,571)	819,691
<b>Net cash provided by in operating activities</b>	<b>1,375,087</b>	<b>3,288,528</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(298,716)	(1,691,872)
Purchases of investments	(12,558,643)	(3,732,108)
Proceeds from sales of investments	10,798,806	1,049,826
<b>Net cash used in investing activities</b>	<b>(2,058,553)</b>	<b>(4,374,154)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(683,466)</b>	<b>(1,085,626)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,374,230</b>	<b>2,459,856</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 690,764</b>	<b>\$ 1,374,230</b>

*See accompanying summary of accounting policies and notes to consolidated financial statements.*

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Summary of Accounting Policies

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### **Organization Purpose**

The Risk and Insurance Management Society, Inc. (RIMS) is a non-profit organization dedicated to advancing professional standards of risk management. RIMS is the world's largest association for risk management, representing over 3,900 industrial, service, not-for-profit, charitable and governmental entities. RIMS serves more than 9,900 individuals responsible for the risk management function in 80 chapters across the United States, Canada and Japan.

Global Risk Management Institute, Inc. (GRMI), a related organization, was incorporated in 1999 to engage in activities that support and encourage the advancement of the study of subjects related to risk management and increase the qualifications of risk management professionals across businesses and industries. GRMI administers the RIMS Fellow (RF) and the Canadian Risk Management (CRM) designations.

### **Basis of Accounting**

The consolidated financial statements have been prepared using the accrual basis of accounting. As such, revenue is recognized when earned and expenses when incurred.

### **Consolidation Policy**

The consolidated financial statements include the accounts of RIMS and GRMI (hereafter referred to as "the Organization"). All significant interorganization transactions and balances have been eliminated in consolidation.

### **Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, cash and cash equivalents include operating cash accounts, petty cash and highly liquid, short-term instruments with original maturities of three months or less, except money market funds held for long-term investment purposes.

### **Advertising Receivables**

Advertising receivables represents amounts due from clients for advertisements placed in various magazines and are due under normal trade terms from members and other individuals and organizations. Senior management reviews accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. Any balances that are determined to be uncollectible are included, together with a general reserve, in the allowance for doubtful debts account. Any subsequent write-offs are written off against the allowance. Management believes that the allowance for doubtful accounts as of December 31, 2006 and 2005 is adequate. However, actual write-offs might exceed the recorded allowance.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Summary of Accounting Policies

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### **Property and Equipment**

Property and equipment are recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, or the lesser of the minimum lease period or the asset's useful life for leasehold improvements. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Certain costs of internally developed software and website development are capitalized in accordance with Statement of Position 98-1 "*Accounting for the Cost of Computer Software Developed or Obtained for Internal Use*" and Emerging Issues Task Force 00-2 "*Accounting for Website Development Costs*". These costs are being amortized over the estimated useful lives of the software and website which is estimated to be four years.

### **Investments**

Investments consist of equity and debt mutual funds, fixed income securities, and money market funds held for long-term investment. Investments are presented in the consolidated financial statements, in the aggregate, at their readily determinable fair value. Interest and dividend income are recorded as revenue when earned. Realized and unrealized gains and losses on investments are included in the accompanying consolidated statements of activities.

### **Deferred Revenue**

Deferred revenue consists of member dues, magazine subscriptions, conference attendance and exhibit fees received in advance. Revenue related to member dues is recognized over the membership period. Revenue related to magazine subscriptions is recognized over the related subscription period. Revenue and related expenses applicable to the conference are recognized in the financial period when the conference is held.

### **Deferred Rent**

A deferred rent liability has been recorded to reflect the benefit of lease incentives included in the office space lease. The benefits of these incentives, including free rent and a tenant improvement allowance, will be recognized equally over the term of the lease.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Summary of Accounting Policies

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<b>Unrestricted Net Assets</b>	Unrestricted net assets are funds that are currently available to support the Organization's daily operations.
<b>Temporarily Restricted Net Assets</b>	The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.
<b>Functional Allocation of Expenses</b>	The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
<b>Use of Estimates</b>	The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
<b>Financial Instruments and Credit Risk</b>	Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments held at creditworthy financial institutions. At times the Organization's operating cash accounts exceeded the federally insured limit. The Organization has not experienced losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash and cash equivalents.
<b>Reclassification</b>	Certain amounts from the 2005 consolidated financial statements have been reclassified to conform with the 2006 consolidated financial statement presentation.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

**1. Tax Status**

RIMS is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. RIMS is subject to tax on its net revenue from unrelated business income from mailing list rentals and advertising. RIMS has a net operating loss carryforward of approximately \$45,000 from its *Risk Management* magazine, books and monographs operation. This carryforward originated in the 2002 tax year. It will expire in 2017 if not utilized by then. Additionally, RIMS has a charitable contributions carryforward of approximately \$7,300 which will begin to expire in 2007 if not utilized by then. RIMS Canada Council, formerly the Canadian Risk Management Council, a program of RIMS, is exempt from tax under Canadian tax laws.

GRMI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that GRMI is not a private foundation. GRMI is required to report unrelated business income to the Internal Revenue Service and the state of New York. GRMI earned no unrelated business income during the years ended December 31, 2006 and 2005.

**2. Property and Equipment**

Property and equipment consists of the following at:

<i>December 31,</i>	<b>2006</b>	<b>2005</b>
Leasehold improvements	\$ 1,343,280	\$ 1,343,280
Computer software	476,408	611,797
Furniture and office equipment	412,238	405,998
Computer hardware	326,961	353,568
	<b>2,558,887</b>	<b>2,714,643</b>
Less accumulated depreciation and amortization	(683,553)	(739,333)
Net	<b>\$ 1,875,334</b>	<b>\$ 1,975,310</b>

Depreciation and amortization expense was \$398,692 and \$555,236 in 2006 and 2005, respectively.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

- 3. Investments**      The fair value of investments held is as follows at:

<i>December 31,</i>	<b>2006</b>	<b>2005</b>
Mutual funds - equity	<b>\$ 8,531,807</b>	\$ 6,350,819
Mutual funds - debt	<b>2,609,071</b>	2,200,698
Certificate of deposit	<b>227,961</b>	242,784
Money market funds	<b>62</b>	307
Fixed income securities	<b>-</b>	141,429
	<b>\$ 11,368,901</b>	<b>\$ 8,936,037</b>

Included in the certificate of deposit for both 2006 and 2005 is a collateral of \$227,961 given against a letter of credit. The letter of credit was obtained to serve as a deposit for the Organization's new office lease (see Note 6).

Investment income consisted of the following:

<i>Years ended December 31,</i>	<b>2006</b>	<b>2005</b>
Interest and dividends	<b>\$ 520,033</b>	\$ 346,798
Net realized and unrealized gains on investments	<b>673,027</b>	287,492
Less: Investment management fees	<b>(21,761)</b>	(14,341)
	<b>\$ 1,171,299</b>	<b>\$ 619,949</b>

- 4. Related Party Transactions**      RIMS provides office space and administrative services to its New York Chapter, and Spencer Educational Foundation, Inc. (the Foundation), an affiliated organization, for which it receives administrative fees. The fees from its New York Chapter amounted to \$30,500 and \$30,000 in 2006 and 2005, respectively. The fees from the Foundation amounted to \$115,000 and \$108,000 in 2006 and 2005, respectively. The fees are included in other revenue on the consolidated statements of activities.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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### 5. Pension and Deferred Compensation Plans

#### *Defined Contribution Plan*

RIMS has a noncontributory defined contribution pension plan covering all employees with at least three full calendar years of service. Under the terms of the plan, contributions are defined as 6% of the gross salaries of eligible employees. Costs related to the plan are funded on a current basis through the purchase of Simplified Employee Pension Individual Retirement Accounts. Contributions to the plan vest with the individual employees immediately.

Expenses for the above plan totaled \$149,667 and \$141,570 in 2006 and 2005, respectively.

The plan was discontinued on January 1, 2007.

#### *Deferred Compensation Plan*

In previous years, RIMS has had a noncontributory, non-qualified deferred compensation plan for employees with a grade 11 or higher in the year for which a contribution was made. This plan was discontinued in 2005.

Expenses for the above plan totaled \$0 for the years ended December 31, 2006 and 2005.

#### *401(k) Plan*

RIMS also has a defined contribution 401(k) profit sharing plan (the Plan) that covers all employees who have attained the age of 21 and have completed at least three months of service. RIMS matches half of the participant's contributions to the Plan, up to 2% of the individual participant's compensation. In addition, RIMS may make a bonus contribution at its discretion, and/or a profit sharing contribution to the Plan at the end of each plan year. Expenses for this plan amounted to \$60,050 and \$61,592 for the years ended December 31, 2006 and 2005, respectively.

### 6. Commitments and Contingencies

#### *Operating Leases*

RIMS has entered into several leases for office space and office equipment under noncancellable operating lease agreements expiring in various years through 2019.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

In September 2004, RIMS entered into a new operating lease for office space commencing March 1, 2005 and expiring thirteen years and ten months later. The lease contains a four month rent abatement period and escalation clauses whereby the base rent increases at the beginning of year six and at the beginning of year eleven. In addition, the landlord made concessions to reimburse RIMS for leasehold improvements.

Future minimum rental payments on all operating leases, by year through expiration, are as follows:

*Years ending December 31,*

2007	\$ 581,607
2008	581,607
2009	552,857
2010	576,120
2011	605,133
Thereafter	4,213,830
	<hr/>
	\$ 7,111,154

Rent expense for office space, including escalation and maintenance charges, was \$532,150 and \$578,476 for the years ended December 31, 2006 and 2005, respectively. Equipment lease expense was \$90,170 and \$77,072 for the years ended December 31, 2006 and 2005, respectively.

### *Commitments for Conference Facilities*

RIMS has entered into various contracts for future conferences and events. Due to the nature of these contracts it is impractical to estimate the total commitment.

### **7. Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2006 and 2005, in the amount of \$10,033 and \$20,783, respectively, are restricted for GRMI activities towards the promotion of risk management education and the exchange of ideas among risk management professionals.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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**8. Description of  
Program and  
Supporting  
Services**

*Meetings and Events Management*

This department is responsible for the planning and production of RIMS meetings, events and the Annual Conference and Exhibition, which is the definitive event for risk professionals, attracting approximately 10,000 risk professionals (member, non-member and exhibitors) worldwide. This prestigious event offers its attendees the widest range of educational programs, networking opportunities, and communication of significant happenings that impact risk management.

*Risk Management Magazine*

RIMS flagship publication is produced monthly with in depth coverage of articles of interest to the risk management professionals responsible for risk and insurance management in business and industrial firms, public administration/government, insurance companies, agents and brokers, business services and others allied to the field. With its strong editorial content and ability to dissect the world of risk, Risk Management Magazine is a source of pertinent information for business.

*Professional Development*

This department implements educational programs through courses, workshops, and in-company training. On-line courses are also offered through partnerships with vendors. It also administers the programs for the RIMS Fellow (RF) designation, the Anita Benedetti Student Involvement Program, and the Canadian Risk Management (CRM) designation.

*Marketing and Communications*

RIMS uses a centralized approach to its marketing and communications and has unified this service for all its products and events under one umbrella division. This methodology enables RIMS to maximize its impact and budgets by cross marketing its strategic objectives in all its communications efforts. Communications vehicles include web based and print as well as media relations. RIMS media relations section acts as a resource to major dailies, trade publications and general media. Through press releases and interviews RIMS media relations supports RIMS positions on key issues to risk managers and the public. Using this approach, the department fulfills its mandate to expand awareness of risk management to a broad audience.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

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### *Membership and Chapter Services*

This department is responsible for promoting the value of RIMS membership and supporting the development of a network of healthy chapters. It ensures that products and services provided meet the needs of members and chapters while supporting RIMS mission and strategic plan. The department reviews existing products and services provided by RIMS to its members and chapters and makes recommendations to RIMS Executive Council to add, modify or discontinue these programs. It identifies member and chapter needs and submits recommendations for new products and services to RIMS Executive Council for approval, supports the growth and stability of existing chapters, and administers the Building a Successful Chapter program.

### *Government Affairs*

Government Affairs focuses on U.S. federal, state and Canadian federal and provincial legislative and regulatory issues that impact the risk management community. In addition, the department prepares witnesses and drafts testimony for members appearing before all governmental and non-governmental bodies. It maintains a standing External Affairs Committee that is responsible for crafting RIMS position statements, composing letters to members of Congress, and establishing RIMS legislative priorities each year. Furthermore, it conducts lobbying at all levels of government through an assortment of strategies including the annual lobbying event, RIMS on the Hill, which brings approximately 50 risk managers to Washington, DC to further the agenda of the risk management community. The Government Affairs department maintains constant contact with its members throughout North America regarding all legislative developments via the RIMS website, newsletters, and e-mail alerts.

### *General and Administration*

This includes the office of the Executive Director, Finance and Administration, Governance, Board of Directors and other support functions. The majority of expenses relate to salaries, rent, computer systems, records management and other support functions.

# RISK AND INSURANCE MANAGEMENT SOCIETY, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

### *Member Services*

This includes all member marketing, recruiting, and retention expenses including membership packets, benefits brochures, and the RIMS booth used during the Annual Conference and Exhibition.

The department also reviews and monitors program goals for member recruitment and retention and administers RIMS volunteer leadership program.

9. **RIMS Canada Council** RIMS Canada Council is a program of RIMS established under Canadian law. RIMS Canada Council supports, promotes and coordinates risk management in Canada by means of standing committees. RIMS Canada Council also coordinates the annual RIMS Canada Conference, hosted by one of the ten local Canadian chapters. Assets and liabilities of RIMS Canada Council are as follows at:

<i>December 31,</i>	2006		2005	
	US\$	CAN\$	US\$	CAN\$
Cash and cash equivalents	\$107,289	\$ 125,045	\$ 81,552	\$ 95,076
Prepaid conference expenses	12,803	14,922	41,969	48,915
Investments	388,862	453,219	367,686	428,288
Net assets	\$ 508,954	\$ 593,186	\$ 491,207	\$ 572,279

Revenue and expenses of RIMS Canada Council are as follows:

<i>December 31,</i>	2006		2005	
	US\$	CAN\$	US\$	CAN\$
Other revenue	\$ 172,408	\$ 200,941	\$ 132,601	\$ 156,001
Interest	3,469	4,043	666	784
Investment income	9,734	11,345	31,908	24,538
Expenses	(167,864)	(195,422)	(94,498)	(115,706)
Change in net assets	\$ 17,747	\$ 20,907	\$ 70,677	\$ 65,617

# Supplemental Information

## **Independent Auditors' Report on Supplemental Information**

Board of Directors  
**Risk and Insurance Management Society, Inc. and Subsidiary**  
New York, NY

Our report on our audits of the consolidated financial statements of **Risk and Insurance Management Society, Inc. and Subsidiary** for 2006 and 2005 appears on page 3. Those audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating schedules on pages 18-19 are presented for the purpose of additional analysis of the consolidated financial statements rather than to represent the financial position and results of operations of the individual entities. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*BDO Seidman, LLP*

February 16, 2007

# Risk and Insurance Management Society, Inc. and Subsidiary

## Consolidating Statements of Financial Position

	2006		2005				
	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated	Risk and Insurance Management Society, Inc.	Risk Management Institute	Global Management Institute	Consolidated
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 665,649	\$ 25,115	\$ 690,764	\$ 1,313,021	\$ 61,209	\$ 1,374,230	
Advertising receivables, less allowance for doubtful debts of \$1,712 in 2006 and \$1,712 in 2005	153,289	-	153,289	76,042	-	76,042	
Other receivables	6,881	-	6,881	84,176	-	84,176	
Prepaid conference expenses	251,527	-	251,527	379,877	-	379,877	
Other prepaid expenses and deposits	248,179	-	248,179	100,679	-	100,679	
<b>Total current assets</b>	<b>1,325,525</b>	<b>25,115</b>	<b>1,350,640</b>	<b>1,953,795</b>	<b>61,209</b>	<b>2,015,004</b>	
<b>Noncurrent assets</b>							
Property and equipment, net	1,875,334	-	1,875,334	1,975,310	-	1,975,310	
Investments, at fair value	11,094,709	274,192	11,368,901	8,763,798	172,239	8,936,037	
<b>Total noncurrent assets</b>	<b>12,970,043</b>	<b>274,192</b>	<b>13,244,235</b>	<b>10,739,108</b>	<b>172,239</b>	<b>10,911,347</b>	
<b>Total assets</b>	<b>\$ 14,295,568</b>	<b>\$ 299,307</b>	<b>\$ 14,594,875</b>	<b>\$ 12,692,903</b>	<b>\$ 233,448</b>	<b>\$ 12,926,351</b>	
<b>Liabilities and Net Assets</b>							
<b>Current liabilities</b>							
Accounts payable and accrued expenses	\$ 597,322	\$ 655	\$ 597,977	\$ 699,960	\$ 322	\$ 700,282	
Deferred conference revenue	3,011,370	-	3,011,370	2,681,465	-	2,681,465	
Deferred dues revenue	1,123,356	-	1,123,356	1,156,672	-	1,156,672	
Other deferred revenue	456,319	-	456,319	464,138	-	464,138	
Deferred rent, current portion	15,430	-	15,430	9,260	-	9,260	
<b>Total current liabilities</b>	<b>5,203,797</b>	<b>655</b>	<b>5,204,452</b>	<b>5,011,495</b>	<b>322</b>	<b>5,011,817</b>	
<b>Noncurrent liability</b>							
Deferred rent, net of current portion	862,378	-	862,378	889,119	-	889,119	
<b>Total liabilities</b>	<b>6,066,175</b>	<b>655</b>	<b>6,066,830</b>	<b>5,900,614</b>	<b>322</b>	<b>5,900,936</b>	
<b>Commitments and contingencies</b>							
<b>Net assets</b>							
Unrestricted	8,229,393	288,619	8,518,012	6,792,289	212,343	7,004,632	
Temporarily restricted	-	10,033	10,033	-	20,783	20,783	
<b>Total net assets</b>	<b>8,229,393</b>	<b>298,652</b>	<b>8,528,045</b>	<b>6,792,289</b>	<b>233,126</b>	<b>7,025,415</b>	
<b>Total liabilities and net assets</b>	<b>\$ 14,295,568</b>	<b>\$ 299,307</b>	<b>\$ 14,594,875</b>	<b>\$ 12,692,903</b>	<b>\$ 233,448</b>	<b>\$ 12,926,351</b>	





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