

RISK AND
INSURANCE
MANAGEMENT
SOCIETY, INC. **20** ANNUAL
15 REPORT



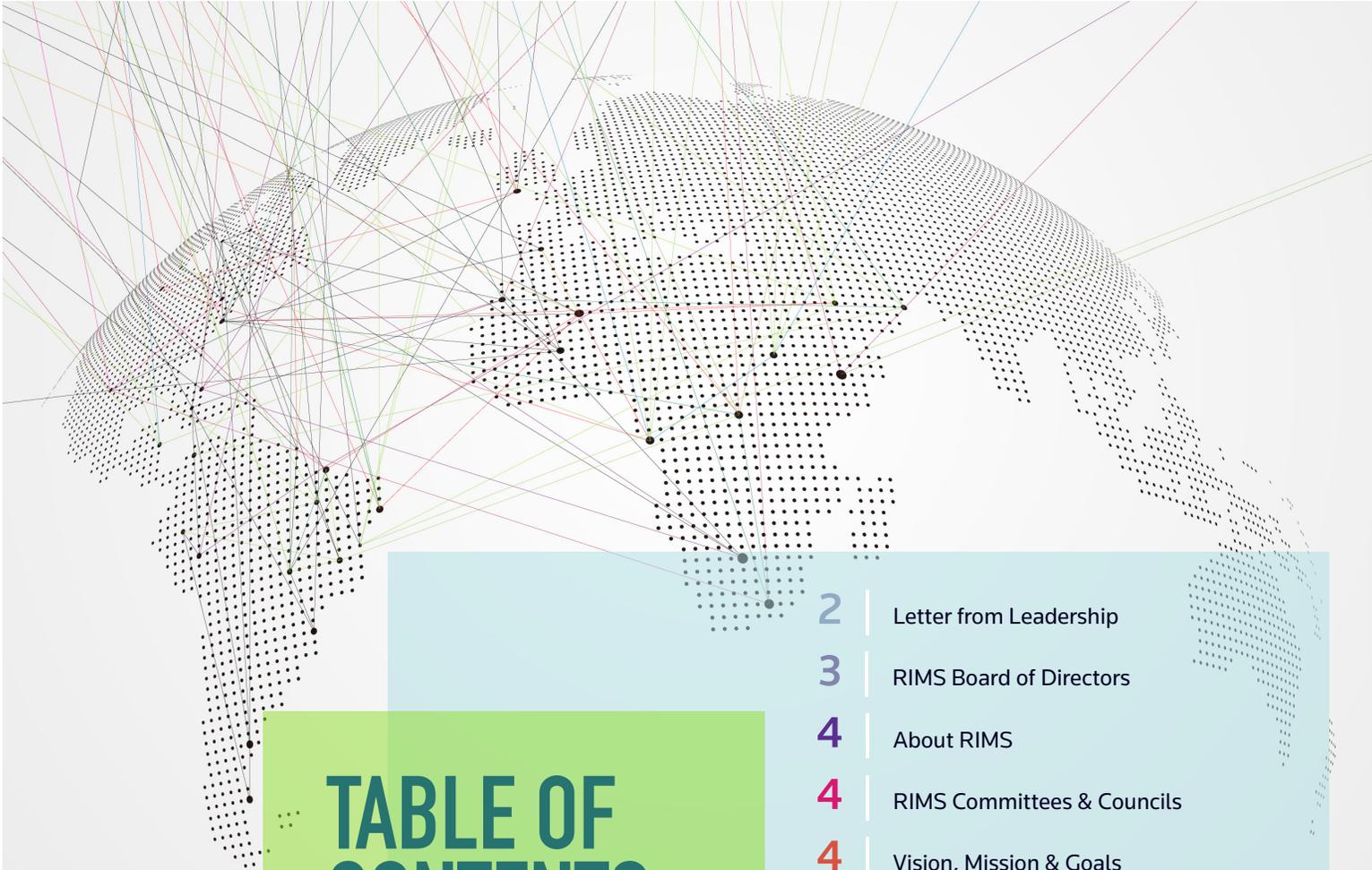


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LETTER FROM LEADERSHIP



In 2015, RIMS made remarkable strides to enhance its capabilities and resources to better serve the global risk management community and advance the Society's standing as the world's premier risk management society.

RIMS global initiatives included two new forums. The first-ever RIMS Risk Forum Latin America in Lima, Peru and RIMS Risk Forum Middle East in Dubai, UAE featured renowned risk management leaders who shared best-practices and thought-leading industry perspectives.

RIMS advocacy efforts also had a global impact. RIMS External Affairs Committee contributed to the successful reauthorization of the Terrorism Risk Insurance Act, which provides organizations in the United States, as well as international organizations with business in the United States, assurance that financial protections are in place should disaster strike.

Another highlight of 2015 was the release of the new ASIS/ RIMS Risk Assessment ANSI Standard. The standard includes guidance on types of risk assessments, understanding biases, and the competence of risk assessors, providing a framework and process for organizations around the world to establish and evaluate their processes for managing organizational risk.

In addition to the Risk Assessment Standard, RIMS continued to publish new studies and surveys, providing risk professionals with the knowledge they need to navigate many complex risks. In its 10 issues, *Risk Management* magazine featured trending topics such as reputational risk, alternative risk transfers, recovery and resilience, supply chain strategies among others. The Society also issued seven new executive reports covering topics from workers' compensation trends and cyber security to remote workplace issues and enterprise risk management.

Technology has aided global expansion and professionals' ability to communicate across borders. This year, RIMS launched Opis "The RIMS Information Network," a new membership resource aimed at streamlining the process of researching risk management issues and building professional relationships. Based on members' profiles, the platform recommends content, while connecting professionals who share similar risk management interests, experiences and challenges.

Finally, realizing the importance of providing practitioners with a vehicle to demonstrate the value they add to the organization, RIMS launched the RIMS-Certified Risk Management Professional certification (RIMS-CRMP) in late December. In the upcoming year, RIMS looks forward to hosting several opportunities for practitioners to earn this global certification.

RIMS greatest asset is its expansive network of risk professionals who routinely share their unique perspective and experience. And, there is no denying that the opportunities of global expansion strengthen that asset. As the world's leading risk management society, it is our responsibility to be trailblazers, thought-leaders and relentless in our pursuit of resources that allow our members to take their risk programs and careers to new heights.

Sincerely,

Handwritten signature of Julie C. Pemberton in black ink.

Julie C. Pemberton
RIMS 2016 President

Handwritten signature of Mary Roth in black ink.

Mary Roth
RIMS Chief Executive Officer

RIMS BOARD OF DIRECTORS



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Director, Enterprise Risk & Insurance Management
Outerwall Inc.



VICE PRESIDENT

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Risk Management
Servco Pacific Inc.



Gloria Brosius
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Pinnacle Agriculture Holdings



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Safety & Health Manager
Bridgestone Retail Operations, LLC



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Managing Director of Tax and Risk Management
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Walt Disney Parks and Resorts U.S.



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Director, Risk Management & Insurance
University of Calgary



Robert Zhang
China Risk & Compliance Manager
IKEA (China) Investment Co., Ltd.

ABOUT RIMS



As the preeminent organization dedicated to advancing the practice of risk management, RIMS, *the risk management society*[™], is a global not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities throughout the world. Founded in 1950, RIMS is dedicated to advancing risk management for organizational success, bringing networking, professional development and education opportunities to its membership of over 10,000 risk professionals who are located in more than 60 countries.

RIMS STANDING COMMITTEES & COUNCILS

Annual Conference Programming
Audit
ERM
Exhibits Advisory
External Affairs
Finance
International
Member & Chapter Services
Nominating
RIMS Canada
Standards and Practices
Strategic Risk Management Development
Student Advisory

VISION, MISSION AND GOALS

VISION

To be the global leader in all aspects of risk management.

MISSION

To educate, engage and advocate for the global risk community.

STRATEGIC GOALS

- Ensure a sustainable and adaptable organization.
- Equip risk professionals globally to succeed in an evolving environment.
- Enhance engagement with members and the broader risk community.
- Expand RIMS influence worldwide.



RIMS MEMBERSHIP REMAINED STRONG IN 2015 WITH NEARLY 11,000 MEMBERS WHO ARE LOCATED IN OVER 60 COUNTRIES AROUND THE WORLD.

ENGAGING MEMBERSHIP

At RIMS 2015 Annual Conference & Exhibition, the Society announced its plans to launch a virtual engagement platform later in the year. In May, a soft launch of Opis, the RIMS Information Network, was released to committee and council members, chapter leaders, staff and a selection of thought leaders. Development of training opportunities, promotional materials/ branding, early adopter usage and a project plan ensued and Opis was officially launched to RIMS membership in September. Opis is a dynamic platform that recommends customized content, learning groups and peer-to-peer connections based on one's personal skills, interests and experience.

THE NEXT GENERATION

RIMS continues to engage with students and Rising Risk Professionals (RRPs) to ensure the next generation of practitioners has access to the resources, information and the professional network necessary to enhance and further their careers. RIMS formed an RRP advisory group to help support its efforts in creating additional RRP programming. One of those additions to the RRP program was the introduction of the RIMS Rising Star Award, issued this year to three RRP's who demonstrated exceptional initiative, volunteerism, achievement and leadership potential. Anna Bendgen, Andrew Bent and Yelena Urcia were presented with the award.

Also at the Annual Conference, RIMS hosted the annual Spencer-RIMS Risk Management Challenge. Eight university teams were invited to participate (narrowed down from 20 team submissions), and each team presented a risk management program to address a specific risk situation to a panel of judges. During the Conference, the field was narrowed down again to three finalists and the winner was Appalachian State University.

DELIVERING MEMBER VALUE

In its efforts to provide member value on an on-going basis, RIMS produced multiple publications, executive reports and research studies for its community of risk professionals. Some highlights of this year's content releases include:

- RIMS Risk Management Compensation Survey 2015
- J.D. Power Large Commercial Insurance Satisfaction Study
- 2015 RIMS Benchmark Survey
- ANSI/ASIS/RIMS Risk Assessment Standard
- Alternatives to Traditional Workers' Compensation Systems
- Risk Management and Remote Work Policies
- RIMS Cyber Survey 2015
- RIMS Marsh Excellence in Risk Management Report XII
- Why a Mature ERM Effort is Worth the Investment
- Exploring the Risk Committee Advantage

With an eye on the future, RIMS continues to review its membership structure to better accommodate the evolving and expanding role risk professionals are playing within their organizations.

AWARDS & HONORS

RIMS honors the commitment of its chapters and the risk profession's trailblazers at its Annual Conference & Exhibition. Below are the professionals and RIMS Chapters that were recognized for their extraordinary contributions to the Society and risk management.



HARRY AND DOROTHY GOODELL AWARD

Janice Ochenkowski

International Director, Global Risk Management
Jones Lang LaSalle

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.



RON JUDD HEART OF RIMS AWARD

Victoria Nolan

Risk and Benefits Manager
Clean Water Services (RIMS Oregon Chapter)

The Heart of RIMS award is presented to a RIMS member for outstanding performance in furthering risk management at the chapter level. The award recognizes the legacy of Ron Judd, who served as RIMS Executive Director for 22 years.



DONALD M. STUART AWARD

Tino Brambilla

Manager, Insurance Services
Manitoba Hydro

Created by RIMS Ontario Chapter in 1979, the award is granted annually to a Canadian risk professional to recognize outstanding contributions to the industry. The award is RIMS' highest honor for risk management in Canada and is presented at the RIMS Canada Conference.

RIMS RISING STAR AWARD

Anna Bendgen

Risk Management Specialist, Sedgwick

Andrew Bent

Senior Advisor, EH&S Risk, Suncor Energy Inc.

Yelena Urcia

Senior Global, Insurance Analyst, The AES Corporation

Established in 2015, the RIMS Rising Star Award honors up-and-coming risk management professionals under the age of 35 or who have seven or less years of experience in the industry.

RICHARD W. BLAND MEMORIAL AWARD

Richard Rabs

2014 Chair of RIMS External Affairs Committee

Created by RIMS Kansas City Chapter in 1974, the award recognizes outstanding performance by a deputy member who has impacted the risk management industry in the area of legislation or regulation.



RISK MANAGEMENT HALL OF FAME 2015 INDUCTEES

Gary Bird

Jim Hinton

Reginald Pitchford

Co-founded by RIMS and AIG, the Risk Management Hall of Fame has been established to maintain the history and tradition of the field of risk management. The honor serves as a means to commemorate those professionals who have made significant contributions to advancing the discipline.

CRISTY AWARD

Michael Grosso

Risk Analyst
Bimbo Bakeries USA

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

RIMS CHAPTER AWARDS PROGRAM



The Chapter Awards Program (CAP) includes three awards: Chapter Achievement Awards, Chapter Excellence Awards and Membership Growth Awards. This program acknowledges the work and dedication of RIMS chapters by not only recognizing them for overall excellence, but also for outstanding achievement in a particular category. These awards, recognizing achievement during 2014, were bestowed in 2015.

CHAPTER ACHIEVEMENT

- RIMS Carolinas Chapter in the Education, Special Chapter Events category
- RIMS Chesapeake Chapter in the Education, Chapter Planning category
- RIMS Delaware Valley Chapter in the Community, Charity (Risk Management); and Education, Chapter Programming categories
- RIMS New York Chapter in the Education, Special Chapter Events category
- RIMS Oregon Chapter in the Organization, Chapter Planning category
- RIMS Potomac Chapter in the Education, Student Involvement category
- RIMS Silicon Valley Chapter in the Education, Chapter Programming category
- RIMS South Texas Chapter in the Community, Charity (Risk Management) category

MEMBERSHIP GROWTH AWARD

This award is presented to chapters that achieve a membership growth rate of 6% or higher. Chapters with 6-8.9% growth are awarded the Membership Star Award and chapters with 9% or higher growth are awarded the membership SuperStar Award.

MEMBERSHIP SUPERSTAR AWARD

- | | |
|---|--|
| RIMS Alabama Chapter (Birmingham, AL) | RIMS Iowa Chapter (Des Moines, IA) |
| RIMS Australasia Chapter (Melbourne, AUS) | RIMS Manitoba Chapter (Winnipeg, CAN) |
| RIMS Central Oklahoma Chapter (Oklahoma City, OK) | RIMS Northern Nevada Chapter (Reno, NV) |
| RIMS Central Texas Chapter (Austin, TX) | RIMS Rocky Mountain Chapter (Denver, CO) |
| RIMS Detroit Chapter (Detroit, MI) | RIMS Saskatchewan Chapter (Saskatchewan/Regina, CAN) |
| RIMS Eastern Oklahoma Chapter (Tulsa, OK) | RIMS Southwest Florida Chapter (Naples, FL) |
| RIMS Golden Gate Chapter (San Francisco, CA) | RIMS Toledo Chapter (Toledo, OH) |
| RIMS Greater Quad Cities Chapter (Muscatine, IA) | |

MEMBERSHIP STAR AWARD

- RIMS Broward County Chapter (Fort Lauderdale, FL)
- RIMS Central Ohio Chapter (Columbus, OH)
- RIMS Cumberland Chapter (Nashville, TN)
- RIMS Hawaii Chapter (Honolulu, HI)
- RIMS Ohio River Valley Chapter (Cincinnati, OH)

PROFESSIONAL DEVELOPMENT



In 2015, RIMS professional development continued its mission to diversify educational offerings via online courses, coupled with focusing on the learning needs of new practitioners.

Building upon the two custom online courses that were developed in 2014, a third online course was created titled, *Risk Management Techniques*. This introductory level course covers risk management trends, tools, and techniques, the foundations of applying the risk management process to organizational strategy, recognizing the importance of risk interconnectedness, utilizing decision modeling techniques for risk actions, retaining and transferring risk, and risk planning and decision making. The online course was made available in both English and Spanish.

RIMS conducted 12 webcasts in 2015. The webcasts covered a variety of topics ranging from cyber risks to driver safety to travel risk management to workplace violence programs. Overall, RIMS served 2,825 attendees with webcast offerings; 2,234 were members, whereas 591 were non members.

In 2015, the Society also offered 19 in-person workshops, with more than 230 risk practitioners in attendance. Overall, the feedback on attendee surveys was positive, specifically citing the value of RIMS workshops' interactive and networking-building learning environments.

The *Accelerating ERM Theory into Practice* workshop – which originally took place over the course of two and a half days – was revised and converted into a two-day workshop. The title of the course changed as well and it is now named *Applying Enterprise Risk Management Theory*. The course was delivered three times in 2015 and received above average attendance.

While RIMS professional development is committed to strengthening its lineup of in-person workshops, we continue to explore and implement alternative learning methodologies that will grant greater flexibility to our members, empowering risk professionals to achieve their educational goals.

RIMS-CRMP CERTIFICATION

This year, RIMS developed an accreditation and certification strategy to support RIMS' role in moving risk management from a discipline to a recognized profession that can be relied upon by the public. The accreditation and certification reinforces and defines the professional capabilities and competencies needed by current and next generation risk management practitioners.

Results of past RIMS Membership Surveys overwhelmingly supported the development of a credential for risk professionals. Results were reported to the Board of Directors in January 2015 and funding was approved for the development of a new certification.

A high-level implementation project plan was developed for 2015 that would carry it into the future. A psychometrician and testing vendor was selected to assist with the process and subject matter experts were identified to create a job task analysis, content items and exam questions.

The exam development process meets the criteria for ANSI ISO/IEC 17024 accreditation. Compliance with the ISO 17024 standard on certification requirements is consistent with recommended certification industry best practices.

Under the supervision of Professional Testing Inc., RIMS formed a foundation for the development of exam items, final scheme requirements and a competency blueprint by October 2015. A pilot exam was also created.

To launch this new project, RIMS Chief Operating Officer established a team comprised of individuals from the Society's Marketing, IT, Client Services and Finance departments, as well as individuals from Professional Testing who worked collaboratively to accomplish the launch of the RIMS-CRMP certification website and application process. A targeted marketing campaign to professional members was developed and executed and policies and procedures governing the certification process were created.

To oversee and advance the strategic goals of the RIMS-CRMP Certification, a certification department was formed at RIMS and a Director of Certification Programs was hired in December 2015.





GOVERNMENT AFFAIRS

RIMS top legislative priority for 2015 was supporting the passage of the Policyholder Protection Act, which was signed into law on December 18, 2015. The legislation provides confidence in insurer solvency. It greatly improves the ability of state insurance regulators to protect policyholders by ensuring that insurance companies structured under larger financial firms are not held financially responsible for an affiliated bank's failure or financial crisis. RIMS supported the Cyber Security Information Sharing Act of 2015 which was also signed into law in December 2015.

Other federal legislative and regulatory initiatives included, comments with the FHFA opposing a proposed rule to define "insurance company" in a manner that would prohibit captive insurance companies from being members of a Federal Home Loan Bank, as well as support for the Captive Insurers Clarification Act.

In June, RIMS held its Legislative Summit in Washington D.C. focusing on advocating for the Policyholder Protection Act and support for a federal standard for data breach notification. Approximately 35 risk professionals attended the summit with nearly 50 meetings scheduled with members of Congress.

At the state level, legislative events were held in California, Florida and Texas. In 2015, RISK PAC received over \$12,000 in contributions from eligible RIMS members and like-minded political action committees. On April 27, RISK PAC held its annual fundraising reception at the New Orleans Convention Center. Louisiana Insurance Commissioner and former NAIC President Jim Donelon was the keynote speaker. RISK PAC also co-hosted a fundraiser for co-Rep. Blaine Luetkemeyer (R-MO) at the Legislative Summit.

On the standards and practices front, the RIMS Standards and Practices Council worked with ASIS to develop the ANSI Risk Assessment Standard. This Standard provides guidance on developing and sustaining a coherent and effective risk assessment program.

RIMS remains involved in a leadership position with the U.S. Technical Advisory Group for the ISO 31000 risk management standards, participating in working groups and international meetings on a limited revision of two standards.

MEETINGS & EVENTS



GOING GLOBAL

New Risk Forums Launched in the Middle East and Latin America

RIMS hosted more than 9,900 risk professionals during its 53rd Annual Conference & Exhibition in New Orleans. RIMS 2015 offered attendees from more than 60 countries the opportunity to take advantage of over 160 education sessions and three keynote addresses, to gain strategic insight and practical application to further their organization's risk programs and advance their careers. With nearly 400 exhibiting companies, the exhibit hall offered attendees new solutions and partners. RIMS 2015 also offered enhancements: namely the global lounge, a place for attendees not from North America to network and learn more about the Society.

Launched in 1963, RIMS Annual Conference & Exhibition attracts nearly 10,000 risk and insurance professionals each year at all experience levels, business executives with risk management interests, brokers, insurers and service providers for the ultimate educational and networking experience. The four-day event offers keynote presentations, special events and an expansive exhibit hall.

The RIMS ERM Conference 2015 was held in October in Chicago and attracted over 370 risk professionals, making the event the largest RIMS ERM Conference to date. The conference explored best-practices for implementing and sustaining enterprise-wide risk management programs, as well as strategies for risk professionals to demonstrate the value of enhanced risk management capabilities to senior-level decision-makers.

In support of the Society's mission and vision, new global forums were launched in the Middle East and in Latin America. The Risk Forums are intended to increase brand awareness and provide regionally specific risk management education to new markets. The Risk Forum Latin America was held in Lima, Peru in October and attracted nearly 100 guests. The Risk Forum Middle East was held in Dubai, United Arab Emirates in December and attracted some 70 attendees. Both events attracted new members and customers and we look forward to continuing our global growth efforts in these regions next year. We held the third Risk Forum Australasia in August in Melbourne and the event attracted more than 150 professionals. All of the forums were supported by local members and sponsors, and attended by RIMS President Rick Roberts.

TECHNOLOGY



SPEED, ACCURACY AND SECURITY

In order for businesses to compete or, even, sustain they must devote considerable attention to their technology infrastructure. Organizations must continually make enhancements to their existing technology and, in some cases, bolt on new technology to keep up with the latest advancements or the users' evolving needs.

In 2015, RIMS Information Technology Department made several key enhancements to ensure that information is both secure and that members and staff have access to the data they need to succeed.

Risk Management magazine is routinely ranked as one of the Society's top member benefits. The platform that RIMS uses to run this benefit was brought in-house in 2015. The change was not only a cost-saving measure but also improves RIMS' ability to keep its subscribers' details secure.

The Society also added several new third-party integrations to the RIMS website that benefit members and staff including: Opis "The RIMS Information Network," eShow conference registration platform, the Speaker Bureau expert cataloging interface, and Tableau which allows staff to extract and present constituent reports faster.

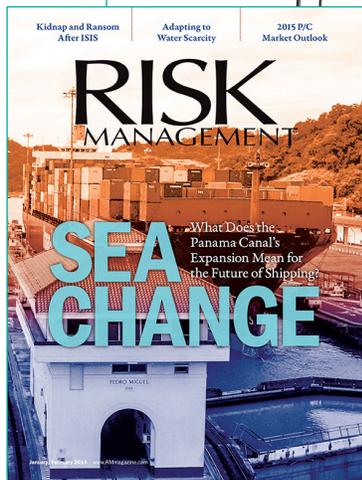
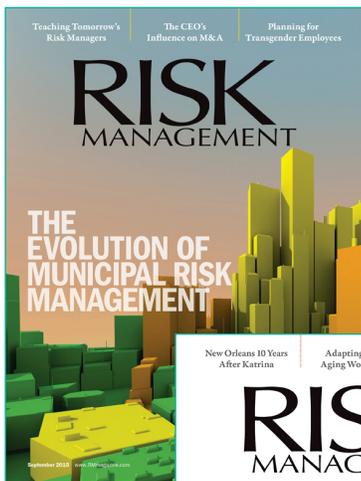
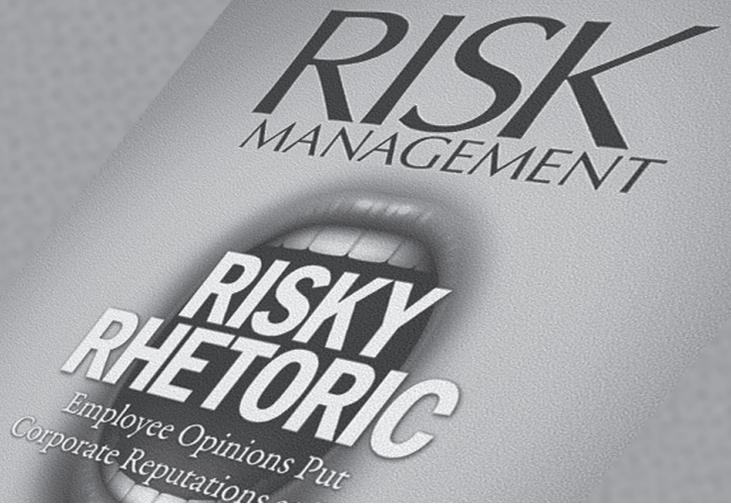
With over 1 million records in RIMS database, keeping them accurate and secure is a priority. In 2015, the Society implemented the xWeb service calls for Higher Logic to integrate with netForum database. This integration now allows continual contact profile updates between the two systems and improves the Society's ability to efficiently import data from outside systems. Conducting a data cleansing process for SQL databases has also helped to ensure the integrity of RIMS' data by removing outdated, duplicate and incomplete records.

The ability for RIMS staff to access accurate information, fast, has a direct impact the Society's ability to understand its network of risk professionals and more effectively develop resources to meet their professional needs.

To better equip RIMS staff, the Society installed SAN fast-cache drives, Virtual Center servers with full SQL installation and added 25TB of storage to improve staff's ability to manipulate and access files faster. In addition to these upgrades, RIMS improved its administration processes by building new features – mainly Human Resource related – into RIMS intranet.

Finally, to ensure that all of this information is protected, RIMS continued infrastructure technology hardware refreshes and administered security assessments and vulnerability tests. Some of the major security enhancements included two new anti-malware active scanning firewalls and on-demand email encryption capabilities.

PUBLICATIONS



The Publications department continued its mission to produce industry leading information and analysis for RIMS members and the risk management community, both in print and digitally.

Throughout the year, Risk Management magazine covered a variety of interesting topics, with articles on cybersecurity, reputation risk, disaster preparedness, drones, 3D printing and water scarcity. In addition, we published online exclusive content on Rmmagazine.com and continued to support the magazine's members-only digital edition, which is optimized for smartphone and tablet viewing.

The magazine and its art director Andrew Bass were recognized with three 2015 American In-house Design Awards from Graphic Design USA for the layouts of the articles "Mother Nature's Red Tape," July/Aug 2014; "Hacking the Hackers," October 2014; and "When the Whistle Blows," December 2014. The magazine also received an EXCEL award for overall design excellence for magazines with a circulation of 10,001 to 20,000 from Association Media & Publishing, a membership organization for association publishers and media professionals.

Risk Management magazine's official blog, the Risk Management Monitor remained a go-to resource for the latest risk management news, featuring a variety of expert posts from RIMS staff and outside contributors.

The department produced a number of white papers and reports in conjunction with various RIMS departments and committees to showcase the Society's expertise, including "Testing Value Creation Through ERM Maturity," "Why a Mature ERM Effort Is Worth the Investment," "State of ERM Report 2015," "About the RIMS Risk Maturity Model," "Alternatives to Traditional Workers Comp Systems," "Risks and Opportunities of Doing Business in the Middle East," "Exploring the Risk Committee Advantage," and "Risk Management and Remote Work Policies."

An updated version of RiskWire also debuted in 2015, providing members with a twice-weekly e-mail digest of relevant news and information.

STRATEGIC AND ENTERPRISE RISK PRACTICE

Each year brings new and exciting changes as risk management continues to evolve in visibility and importance. The RIMS Strategic and Enterprise Risk Practice (SERP) undertakes to expand the value proposition for risk management as a strategic business discipline to maximize value creation and capture, as well as to protect value.

RIMS 2015 ERM CONFERENCE

Focusing on the value that enterprise risk management can provide, the fifth annual RIMS ERM Conference program in Chicago was structured to provide participants with unique opportunities for learning and networking. Highlights included 12 educational sessions presented by risk professionals, academics and leading speakers. Two general sessions: "ERM and the Balanced Scorecard: An Integrated Approach to Strategy" and "How to Play 'Devil's Advocate' in a Skeptical Environment" along with a showcase of solutions providers, offered tips for integrating risk management successfully.

Witold J. Henisz, Wharton management professor and author, was the keynote speaker at the conference. He challenged the attendees to re-think constituencies and interactions in his "Building Reputations and Relationships" presentation.

The Solutions Sharing Discussions offered risk professionals an opportunity to learn from each other on three specific topics: emerging risks, metrics and cyber risk.

Award winners Intuit and VIA Rail of Canada were honored with the RIMS ERM Awards of Distinction at a special luncheon. Twenty other organizations were recognized for achieving Advanced Risk Maturity levels. Students from DePaul University, Florida State University, Miami University, Olivet College and St. John's University participated in the conference through a grant from the Spencer Educational Foundation.

New for 2015 was video content produced for the "Developing a Highly Effective Risk Radar" session, which is available for replay in *Risk Knowledge* and *Opis*.

REPORTS 2015

RIMS SERP was instrumental in producing the following:

- RIMS|Marsh Excellence in Risk Management XII Survey *Organizational Dynamics-A Focus for Effective Risk Management* (published April 2015)
- Q&A Series of Interviews with successful risk professionals about their organizations' ERM journeys (ongoing and online in the RIMS Strategic and Enterprise Resource Center www.rims.org/resources/)
- Four Executive Reports: *Why a Mature ERM Effort is Worth the Investment*; *Testing Value Creation through ERM Maturity*; *About the RIMS Risk Maturity Model*; and *State of ERM Report 2015*

WEBCASTS

RIMS SERP produced and participated in two RIMS webcasts in 2015: RIMS webcast with JD Power on *What Risk Professionals Need to Know (2014 survey findings)* and ASIS|RIMS webcast on *Improve Your Business Management Strategy with the ANSI/ASIS/RIMS RA.1:2015 Risk Assessment Standard*.

RIMS RISK SUMMITS 2015

The four RIMS Risk Summits (New York City, June; Chicago, July; Seattle, September; Atlanta, October) were limited - by design - to 20 attendees each to foster sharing and interaction among the participants. The theme "*Exploring Strategy, Innovation, Risk Appetite and Reputational Risks*" was introduced in keynotes by Dr. Paul Walker of St. Johns University and Dr. Mark Frigo of DePaul University. The full-day session explored strategic decisions made by four separate well-known companies. The summits were co-facilitated by Carol Fox, RIMS Vice President of Strategic Initiatives.

PRESENTATIONS

By invitation, Carol Fox presented at the ASIS Annual Seminar in Anaheim on September 29th on the joint RIMS|ASIS American Risk Assessment Standard. She also presented at the Association for Federal Enterprise Risk Management (AFERM) in Washington, D.C. on November 4th on RIMS' professional development offerings.

STANDARDS DEVELOPMENT

- Carol Fox was appointed Chair of the U.S. Technical Advisory Group for ISO 31000 to ANSI by ASSE in March for a 3-year term, co-drafting the ISO 31000 revision design specification, and participating on the COSO ERM Framework Advisory Council in its revision of the framework.
- The ANSI/ASIS/RIMS American Risk Assessment Standard was published in September 2015.
- In conjunction with the RIMS ERM Conference, RIMS coordinated a 20-person focus group to provide constructive recommendations to the revision project team on topics under consideration for the 2016 COSO ERM Framework edition.

TREASURER'S REPORT 2015

The following commentary highlights major areas of the December 31, 2015 audited financial statements of the Risk and Insurance Management Society, Inc. (RIMS) and Subsidiary.

CONSOLIDATED BALANCE SHEET

Net assets (retained earnings/reserves) at the end of 2015 were \$12,209,902 which represented a \$478,360 decrease from the end of 2014. The major factors were investment losses, new initiatives and a foreign currency exchange loss. Due to 2015's weaker market compared with the prior year, investments posted a \$412,687 loss compared with a \$588,455 gain in 2014. Another factor was spending on new initiatives that did not exist in 2014. These totaled \$450,765 and examples are the new RIMS-CRMP certification program and the Opis membership platform. Lastly, our foreign currency exchange loss totaled \$165,883. Revenue from conferences was up \$1,140,195 primarily due to a successful conference in New Orleans. However, overall revenue was up just over \$20k. Expenses were \$15,407,782 representing an increase of \$1,431,170 in 2014.

CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES

Revenues excluding investments- \$1,021,362 increase

- Revenue from events rose by \$1,140,195 with the RIMS Annual Conference and Exhibition representing \$989,221 of the increase; principal factors were:
 - Registration revenue rose by \$370,986 as attendance increased.
 - Sponsorship revenue increased by \$247,616 with higher sales of existing products and addition of new ones.
 - Exhibitor revenue increased by \$171,295.
 - Housing Revenue Share increased by \$127,080 due to more room nights.
 - Revenue from the ERM Conference increased by \$100,801 due to increased attendance.
- Membership dues income increased by \$141,176; the dues increase in 2014 was fully felt in 2015.
- Advertising revenue decreased by \$292,014 mainly due to weaker Print Ads sales.

Program Expenses - \$634,238 increase

- Expenses for conferences and other events increased by \$908,497 with the RIMS Annual Conference and Exhibition representing \$720,045 of this; principal factors were:
 - Sponsorship Items increased by \$232,470 due to higher sales and lower margins on certain new items.
 - New Orleans is a higher cost city than Denver which was the major factor causing increases in Equipment Rental (+\$119,969), Exhibit Arrangements (+\$97,247) and Ballroom Events (+\$77,840).
 - Conference expenses rose \$89,897 due to increased attendance and higher local costs.

- Member and Chapter Services expenses decreased by \$215,946 of which over half resulted from lower RCC expenses; the RCC's revenues and expenses are included here.
- Government Affairs expenses decreased by \$129,125 due to a staff vacancy during part of the year and a decrease in program spending.

Supporting Services Expenses - \$796,932 increase

- General and Administration includes three departments: G&A, IT and Finance and, combined these expenses increased by \$582,893 in 2015.
- During the year, overhead expenses are booked to G&A and then allocated to programs at year end for audit presentation based on not-for-profit accounting rules.
- BDO, RIMS new auditors in 2015, reevaluated and adjusted the allocation method which resulted in a higher portion of these expenses remaining in General and Administration.
- Membership Recruitment expenses increased by \$214,039 due to a change made during the audit in how expenses are allocated between Member and Chapter Services program expenses and Membership Recruitment supporting services. Combined, these two areas were \$1,907 lower in 2015 than in 2014.

CONSOLIDATED STATEMENTS OF CASH FLOWS

- The significant changes from 2014 to 2015 on this schedule have been discussed above.

RIMS pledges to provide timely and innovative information, education, networking and advocacy to its members. The efforts of all the staff and volunteers who contribute every day to the success of this organization are greatly appreciated.

Respectfully submitted,



Jennifer Santiago, RIMS-CRMP, ARM
RIMS Treasurer

Risk and Insurance Management Society, Inc. and Affiliate

**Consolidated Financial Statements and
Supplementary Information
Year Ended December 31, 2015**

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2015

Risk and Insurance Management Society, Inc. and Affiliate

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Independent Auditor's Report

To the Board of Directors of
Risk and Insurance Management Society, Inc. and Affiliate
New York, New York

We have audited the accompanying consolidated financial statements of Risk and Insurance Management Society, Inc. and Affiliate (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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 Affiliate, Inc. as of December 31, 2015, and the changes in net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and statement of activities on pages 19 and 20 are presented for purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

Information for the year ended December 31, 2014 is presented for comparative purposes only and was extracted from the consolidated financial statements of Risk and Insurance Management Society, Inc. and Affiliate for that year, on which other auditors expressed an unmodified opinion dated April 8, 2015.

BDO USA, LLP

April 8, 2016

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Financial Position (with comparative totals for 2014)

<i>December 31,</i>	2015	2014
Assets		
Current:		
Cash and cash equivalents	\$ 1,904,469	\$ 2,299,935
Investments at fair value (Note 4)	14,965,440	15,194,338
Advertising receivables	180,436	285,767
Other receivables	143,004	224,857
Prepaid conference expenses	759,569	607,777
Other current assets	343,401	348,945
Total Current Assets	18,296,319	18,961,619
Assets Limited as to Use (Note 8)	136,777	136,777
Investments Held for Chapters	68,950	70,843
Property and Equipment, Net (Note 5)	1,137,273	1,407,003
	\$19,639,319	\$20,576,242
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 660,673	\$ 639,062
Accrued payroll and related benefits	485,874	580,947
Deferred conference revenue	4,060,509	4,269,534
Deferred dues revenue	1,734,349	1,254,478
Other deferred revenue	36,569	479,864
Grant payable	-	100,000
Deferred rent, current portion	110,759	110,759
Total Current Liabilities	7,088,733	7,434,644
Deferred Rent, Net of Current Portion	271,734	382,493
Liability for Chapter Investments	68,950	70,843
Total Liabilities	7,429,417	7,887,980
Commitments and Contingencies (Notes 7 and 8)		
Net Assets:		
Unrestricted	12,209,902	12,688,262
	\$19,639,319	\$20,576,242

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Activities (with comparative totals for 2014)

Year ended December 31,

	2015	2014
	(Unrestricted)	
Revenues, Gains and Other Support:		
Conferences	\$10,091,621	\$ 8,951,426
Membership dues	2,398,847	2,257,671
Advertising	614,026	906,040
Publications	808,427	846,479
Membership and chapter services	487,409	511,043
Professional development	653,067	575,991
Other revenue	454,595	437,980
Investment income, net	(412,687)	588,455
Total Revenues, Gains and Other Support	15,095,305	15,075,085
Expenses:		
Program services:		
Conference	5,023,131	4,114,634
Publications	533,149	527,502
Professional development	502,335	432,317
Marketing	2,154,637	2,065,791
Member and chapter services	269,016	484,962
Government affairs	383,089	512,214
Strategic and enterprise risk practice	72,635	166,334
Total Program Services	8,937,992	8,303,754
Supporting services:		
General and administration	5,506,816	4,923,923
Membership recruitment	962,974	748,935
Total Supporting Services	6,469,790	5,672,858
Total Expenses	15,407,782	13,976,612
Change in Net Assets Before Foreign Currency Exchange Loss	(312,477)	1,098,473
Foreign Currency Exchange Loss (Notes 10 and 11)	(165,883)	(65,324)
Change in Net Assets	(478,360)	1,033,149
Net Assets, Beginning of Year	12,688,262	11,655,113
Net Assets, End of Year	\$12,209,902	\$12,688,262

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Cash Flows (with comparative totals for 2014)

<i>Year ended December 31,</i>	2015	2014
Cash Flows From Operating Activities:		
Change in net assets	\$ (478,360)	\$ 1,033,149
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	533,530	569,138
Realized gain on investments	(62,699)	(815,845)
Unrealized loss on investments	797,296	578,704
(Increase) decrease in assets:		
Advertising receivables	105,331	(159,892)
Other receivables	81,853	97,690
Prepaid conference expenses	(151,792)	1,407
Other current assets	5,544	53,944
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	21,611	(37,559)
Accrued payroll and related benefits	(95,073)	(29,926)
Deferred conference revenue	(209,025)	348,546
Deferred dues revenue	479,871	68,122
Other deferred revenue	(443,295)	16,505
Grant payable	(100,000)	(200,000)
Deferred rent	(110,759)	(73,456)
Net Cash Provided By Operating Activities	374,033	1,450,527
Cash Flows From Investing Activities:		
Purchases of investments	(17,406,602)	(11,646,031)
Proceeds from investments	16,900,903	11,175,414
Purchases of property and equipment	(263,800)	(546,309)
Net Cash Used In Investing Activities	(769,499)	(1,016,926)
Net (Decrease) Increase in Cash and Cash Equivalents	(395,466)	433,601
Cash and Cash Equivalents, Beginning of Year	2,299,935	1,866,334
Cash and Cash Equivalents, End of Year	\$ 1,904,469	\$ 2,299,935

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Description of the Organization

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 more than 3,600 industrial, service, not-for-profit, charitable and governmental entities. RIMS serves 10,000 individuals responsible for the risk management function in 82 chapters across the United States, Canada, Peru, Australia 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.

During 2011, RIMS assisted in the establishment of the RISK PAC. The RISK PAC was established to educate U.S. congressional candidates and lawmakers about the practice of risk management and to make contributions to candidates for federal office. The RISK PAC trustees are separate from the trustees of RIMS, and RIMS does not directly control the RISK PAC. Accordingly, the operations of the RISK PAC have not been included in the financial statements of RIMS.

2. Principles of Consolidation

The consolidated financial statements include the accounts of RIMS and GRMI (hereafter referred to collectively as the “Organization”). All intercompany transactions and balances have been eliminated in consolidation.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (“U.S. GAAP”). Management of the Organization makes estimates and judgments in preparing financial statements in accordance with such accounting principles. Those estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may vary from the reported results.

(b) Cash and Cash Equivalents

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.

(c) Advertising Receivables

Advertising receivables represent amounts due from clients for advertisements placed in The Risk Management Magazine as well as on the RIMS website, and are due under normal trade terms from these clients. 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 in the allowance for doubtful account. Any subsequent write-offs are made directly against the allowance.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

(d) Allowance for Doubtful Accounts

The Organization fully provides an allowance for doubtful accounts for accounts receivable specifically identified by management for which collectability is uncertain. For 2015, the allowance for doubtful accounts was \$30,000.

(e) Fair Value Measurements

Accounting Standards Codification (“ASC”) 820, “Fair Value Measurement”, defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. ASC 820 established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability, and may affect the evaluation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by ASC 820 as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

(f) Investment Income

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Investments of the Organization are valued at fair value in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

(g) Property and Equipment

Property and equipment are reported at historical cost. The Organization depreciates property and equipment using the straight-line method (half-year convention in the year of acquisition or placement into service) over the estimated useful lives of the assets.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

The estimated useful lives of the assets are as follows:

	Estimated Useful Lives
Leasehold improvements	13 -14 years
Computer software	3 years
Furniture and office equipment	7 years
Computer hardware	4 years

Leasehold improvements are amortized over the term of the lease or the life of the improvement, whichever is less. 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. It is the Organization's policy to capitalize fixed asset purchases in excess of \$1,000.

(h) Deferred Revenue

Deferred revenue consists of membership dues, professional development, magazine subscriptions, conference attendance, sponsorships and exhibit fee received in advance. Revenue related to membership 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, professional development and exhibits are recognized in the financial period when the event is held.

(i) 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.

(j) Accounting for Uncertainty in Income Taxes

RIMS is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (the "Code"). RIMS is subject to tax on its net revenue from unrelated business income from mailing list rentals and advertising. RIMS has charitable contribution deduction carryforwards of approximately \$630,000 at both December 31, 2015 and 2014. RIMS Canada Council, formerly the Canadian Risk Management Council, a program of RIMS, is exempt from tax under Canadian tax laws.

GRMI has qualified as a charitable organization which is exempt from tax under Section 501(c)(3) of the Code and, therefore, has made no provisions for income taxes in the accompanying consolidated financial statements. GRMI has been determined by the Internal Revenue Service (the "IRS") to not be a "private organization" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2015.

Under ASC 740, "Income Taxes", an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The implementation of ASC 740 had no impact on the Organization's financial statements. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2015, there were no interest or penalties recorded or included in the statement of activities. The Organization is subject to routine audits by a taxing authority. As of December 31, 2015, the Organization was not subject to any examination by a taxing authority. Management believes it is no longer subject to income tax examination for the years prior to 2012.

(k) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent 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.

(l) Credit Risk Concentration

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents, and investments held at financial institutions that management deems to be creditworthy. At times and at year-end, the Organization's operating cash account materially exceeded the federally insured limit. Investments are subject to market fluctuations and principal is not guaranteed.

(m) Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(n) Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of financial position, statement of activities and statement of cash flows, the prior year amounts are presented on a consolidated basis rather than by affiliate. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

(o) Reclassifications

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation.

(p) Recently Issued Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers", which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

The standard is effective for annual periods beginning after December 15, 2018, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements.

Accounting for Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases", which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal years beginning after December 15, 2019 and the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02.

4. Investments and Fair Value Measurements

The following tables show, by level within the fair value hierarchy, the Organization's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2015. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There were no transfers between levels during the year ended December 31, 2015.

December 31, 2015

Description	Fair Value Measurement at Reporting Date Using			Balance as of December 31, 2015
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 633,437	\$ -	\$-	\$ 633,437
Equities	168,248	-	-	168,248
Publicly traded partnerships	4,660	-	-	4,660
Domestic equity mutual funds	8,185,867	-	-	8,185,867
International equity mutual funds	2,891,542	-	-	2,891,542
Fixed income mutual funds	2,906,192	-	-	2,906,192
Canadian corporate paper	-	8,629	-	8,629
Canadian corporate bonds	-	6,119	-	6,119
Canadian government bonds	-	160,746	-	160,746
	\$14,789,946	\$175,494	\$-	\$14,965,440

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Investment income as of December 31, 2015 consists of the following:

December 31, 2015

Interest and dividends	\$ 372,481
Realized gain on investments	62,699
Unrealized loss on investments	(797,296)
Less: Investment management fees	(50,571)
	<hr/>
	\$ (412,687)

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with ASC 820 as discussed in Note 2. A description of the valuation techniques applied to the Organization's major categories of assets measured at fair value are as follows:

Money Market Funds

Money market funds are valued at cost, which approximates fair value due to the short-term maturity of the instruments.

Equities and Publicly Traded Partnerships

The Organization's holdings in equity securities and publicly traded partnerships are determined by quoted market prices. These investments can be liquidated daily. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Mutual Funds

The Organization has investments in mutual funds, which are invested primarily in investment-grade bonds and equity securities. For these investments, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's NAV is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 1 within the fair value hierarchy.

Fixed Income

The Organization has investments in fixed income securities consisting of Canadian corporate paper and Canadian corporate and government bonds. The Organization's custodian prices these investments using nationally recognized pricing services. Since fixed income securities other than U.S. Treasury securities generally do not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using their proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of similar securities, sector groupings and matrix pricing. These investments are classified as Level 2.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

5. Property and Equipment, Net

Property and equipment, net consists of the following at December 31, 2015:

December 31, 2015

Leasehold improvements	\$ 1,375,459
Computer software	2,634,293
Furniture and office equipment	841,243
Computer hardware	978,899
	<hr/>
	5,829,894
Less: Accumulated depreciation and amortization	(4,692,621)
	<hr/>
	\$ 1,137,273

Depreciation and amortization expense was \$533,530 in 2015.

6. Related Party Transactions

RIMS provides office space and administrative services to Spencer Educational Foundation, Inc. (the "Foundation"), an affiliated organization, for which it receives administrative fees. The fees from the Foundation amounted to \$388,132 in 2015. The fees are included in other revenue on the consolidated statement of activities. Amount due to RIMS from the Foundation for administrative fees and salary reimbursement totaled \$1,512 at December 31, 2015.

7. Pension Plan

The Foundation and RIMS have a management agreement in place. RIMS 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 sixty days of service. RIMS matches half of the participant's compensation. In addition, during 2015, RIMS made a safe-harbor contribution of 4% of staff's compensation each payroll period, and may make a discretionary profit sharing contribution to the Plan at the end of each plan year. For 2015, discretionary contributions of 1% of staff's compensation were made. Expenses for this Plan amounted to \$354,000 for the year ended December 31, 2015.

8. Commitments and Contingencies

In September 2004, RIMS entered into an operating lease for space commencing March 1, 2005 and expiring 13 years and 10 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.

As a requirement to obtain the lease, the Organization holds certificates of deposit as collateral against the letter of credit that were obtained to serve as a deposit for the Organization's lease. These certificates of deposit are classified as assets limited as to use on the consolidated statement of financial position and have a balance of \$136,777 for the year ended December 31, 2015.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

The future minimum annual rental payments on the office lease at December 31, 2015 are as follows:

Year ending December 31,

2016	\$ 679,739
2017	679,739
2018	396,514
	<hr/>
	\$1,755,992

Rent expense for office space, including escalation and maintenance charges, was \$563,135 and \$561,091 for the years ended December 31, 2015 and 2014, respectively. Equipment lease expense was \$99,159 and \$105,950 for the years ended December 31, 2015 and 2014, respectively.

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.

9. Description of Programs and Supporting Services

Conference

This department is responsible for the planning and production of RIMS Annual Conference & Exhibition, RIMS ERM Conference, RIMS Risk Summits and RIMS Risk Forum. RIMS Annual Conference & Exhibition is the definitive event for risk professional, attracting approximately 10,000 risk professionals (member, non-members and exhibitors) worldwide. This prestigious event offers its attendees the widest range of educational programs, networking opportunities and communications of significant happenings that impact risk management.

Publications

Risk Management magazine is RIMS's flagship publication. It is produced ten times per year and includes articles of interest to professionals responsible for risk and insurance management in business and industrial firms, public administration and government, insurance companies, agents and brokers, business services and others allied to the field. By providing in-depth analysis of the world of risk, Risk Management magazine is a vital source of pertinent information for business. The magazine is supported by its official blog, the Risk Management Monitor, which offers daily coverage and analysis of the latest risk-related news and issues. Risk-Wire, distributed twice per week, is an exclusive news service for RIMS members that provides an executive summary and links to the most important risk management stories of the day. Additional online resources that provide today's risk professionals with knowledge, tools and resources they need to be successful include the Strategic & Enterprise Risk Center, the International Center for Risk Management and Risk Knowledge. These are available to both members and the general public.

Professional Development

This department implements educational programs through online courses, workshops, webinars, course casts, Chapter events and in-company training. Online courses are offered through partnerships with vendors. It also administers the GRMI programs for the RIMS Fellow® (RF) and the Canadian Risk Management® (CRM) designations.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Marketing

RIMS employs a centralized approach to its marketing and communications efforts, and has unified this service for all its products, services and events under a single division. This methodology enables RIMS to maximize its impact and make the best use of its budget by cross-marketing its strategic objectives in all its communications efforts. Marketing programs involve an integrated approach primarily focused on electronic, web-based and print materials and communications, social media, advertising, publishing, as well as media relations. RIMS Marketing also supports RIMS Marketplace, an online directory of relevant service and solution providers. RIMS Media Relations division acts as a resource to major dailies, trade publications and the general media. Through press releases, articles and interviews, RIMS Media Relations supports RIMS positions on key issues to risk managers and the public. RIMS Media Relations division also coordinates all speaking opportunities for RIMS Leadership. Using this approach, the department fulfills its mandate to expand awareness of risk management to a broad audience.

Member and Chapter Services

This department is responsible for maintaining, supporting, engaging and enlarging membership and chapter services activities. Administrative services and support are provided to RIMS' 82 chapters, including leadership information, support of web sites, development of resources materials, and provision of both traditional face-to-face and online training of Chapter officers. Other activities include the Student Advisory and International Committees, the RIMS online store, RIMS Career Center/Job Bank, RIMS Benchmark Survey and RIMS Compensation Survey. The development of tomorrow's risk management leaders is essential. Member and Chapter Services contribute to this through various initiatives including the Rising Risk Professional Community, the RIMS Anita Benedetti Student Involvement Program and the Student Resource Center.

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 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. Furthermore, it conducts lobbying at all levels of government through an assortment of strategies including the annual RIMS Legislative Summit, which brings risk managers to Washington, D.C. to further the agenda of the risk management community. The Government Affairs department maintains contact with its members throughout North America regarding all legislative development via the RIMS website, newsletters and e-mail alerts. RIMS incurred expenses of \$371,298 related to lobbying activities.

Strategic and Enterprise Risk Practice

This practice enlarges the value proposition for risk management as a strategic business discipline to encompass value creation and capture (the upside of uncertainty), as well as value protection (the downside of uncertainty). In leading new research and the development of innovative - yet pragmatic - strategic and operational risk practices that are applicable across all types of organizations, the practice's main objective is to drive incremental and recurring revenue streams for RIMS by broadening its membership and delivering specific products and services that provide unique and practical value for its current and new members. The department serves as a "voice of the enterprise risk practitioner" for RIMS' other departments with respect to the content of conferences, publications, marketing, interviews, workshops, surveys, seminars, webinars, etc., and serves as an internal consultants for RIMS' own ERM program.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

General and Administration

This includes the office of the Executive Director, Deputy 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.

Membership Recruitment

This includes all member marketing, recruiting and retention expenses including membership packets, benefits brochures and the RIMS booth used during the Annual Conference & Exhibition. This area also reviews and monitors program goals for member recruitment and retention.

10. Foreign Currency Translation

The Organization has bank accounts in Canada. The cash balances in these accounts are translated at the rates of exchange at the balance sheet date. The effect of such translation adjustments for the year ended December 31, 2015 was a decrease in net assets of \$165,883.

11. RIMS Canada Council

The RIMS Canada Council ("RCC") is a committee of RIMS. The RCC supports, promotes and coordinates risk management in Canada by means of standing subcommittees. The RCC also coordinates the annual RIMS Canada Conference, hosted by one of the 10 local Canadian chapters.

Assets and liabilities of the RCC are as follows:

December 31, 2015

Cash and cash equivalents	\$102,475
Prepaid conference expenses	109,444
Investments	355,249
Net assets	\$567,168

Revenues and expenses of the RCC are as follows:

Year ended December 31, 2015

Other revenue	\$ 98,305
Interest and investment loss	(6,225)
Foreign exchange transaction loss	(110,033)
Expenses	(80,572)
Change in net assets	\$ (98,525)

12. Subsequent Events

The Organization has evaluated subsequent events through April 8, 2016, which is the date these consolidated financial statements were available to be issued. No events arose during the period which would require additional disclosures.

Supplementary Information

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Statement of Financial Position (with comparative totals for 2014)

December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Consolidated	
			2015	2014
Assets				
Current:				
Cash and cash equivalents	\$ 1,547,489	\$ 356,980	\$ 1,904,469	\$ 2,299,935
Investments, at fair value	14,114,568	850,872	14,965,440	15,194,338
Advertising receivables	180,436	-	180,436	285,767
Other receivables	41,261	101,743	143,004	224,857
Prepaid conference expenses	759,569	-	759,569	607,777
Other current assets	343,401	-	343,401	348,945
Total Current Assets	16,986,724	1,309,595	18,296,319	18,961,619
Assets Limited as to Use	136,777	-	136,777	136,777
Investments Held for Chapters	68,950	-	68,950	70,843
Property and Equipment, Net	1,137,273	-	1,137,273	1,407,003
	\$18,329,724	\$1,309,595	\$19,639,319	\$20,576,242
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 592,289	\$ 68,384	\$ 660,673	\$ 639,062
Accrued payroll and related benefits	485,874	-	485,874	580,947
Deferred conference revenue	4,060,509	-	4,060,509	4,269,534
Deferred dues revenue	1,734,349	-	1,734,349	1,254,478
Other deferred revenue	36,569	-	36,569	479,864
Grant payable	-	-	-	100,000
Deferred rent, current portion	110,759	-	110,759	110,759
Total Current Liabilities	7,020,349	68,384	7,088,733	7,434,644
Deferred Rent, Net of Current Portion	271,734	-	271,734	382,493
Liability for Chapter Investments	68,950	-	68,950	70,843
Total Liabilities	7,361,033	68,384	7,429,417	7,887,980
Net Assets:				
Unrestricted	10,968,691	1,241,211	12,209,902	12,688,262
	\$18,329,724	\$1,309,595	\$19,639,319	\$20,576,242

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Statement of Activities (with comparative totals for 2014)

Year ended December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Combined	
			2015	2014
Revenues, Gains and Other Support:				
Conference	\$10,091,621	\$ -	\$10,091,621	\$ 8,951,426
Membership dues	2,398,847	-	2,398,847	2,257,671
Advertising	614,026	-	614,026	906,040
Publications	808,427	-	808,427	846,479
Membership and chapter services	487,409	-	487,409	511,043
Professional development	376,039	277,028	653,067	575,991
Other revenue	454,595	-	454,595	437,980
Investment income	(389,179)	(23,508)	(412,687)	588,455
Total Revenues, Gains and Other Support	14,841,785	253,520	15,095,305	15,075,085
Expenses:				
Program services:				
Conferences	5,023,131	-	5,023,131	4,114,634
Publications	533,149	-	533,149	527,502
Professional development	481,945	20,390	502,335	432,317
Marketing	2,154,637	-	2,154,637	2,065,791
Member and chapter service	269,016	-	269,016	484,962
Government affairs	383,089	-	383,089	512,214
Strategic and enterprise risk practice	72,635	-	72,635	166,334
Total Program Services	8,917,602	20,390	8,937,992	8,303,754
Supporting services:				
General and administration	5,459,564	47,252	5,506,816	4,923,923
Membership recruitment	962,974	-	962,974	748,935
Total Supporting Services	6,422,538	47,252	6,469,790	5,672,858
Total Expenses	15,340,140	67,642	15,407,782	13,976,612
Change in Net Assets Before Foreign Currency Exchange Loss	(498,355)	185,878	(312,477)	1,098,473
Foreign Currency Exchange Loss	(110,033)	(55,850)	(165,883)	(65,324)
Change in Net Assets	(608,388)	130,028	(478,360)	1,033,149
Net Assets, Beginning of Year	11,577,079	1,111,183	12,688,262	11,655,113
Net Assets, End of Year	\$10,968,691	\$1,241,211	\$12,209,902	\$12,688,262