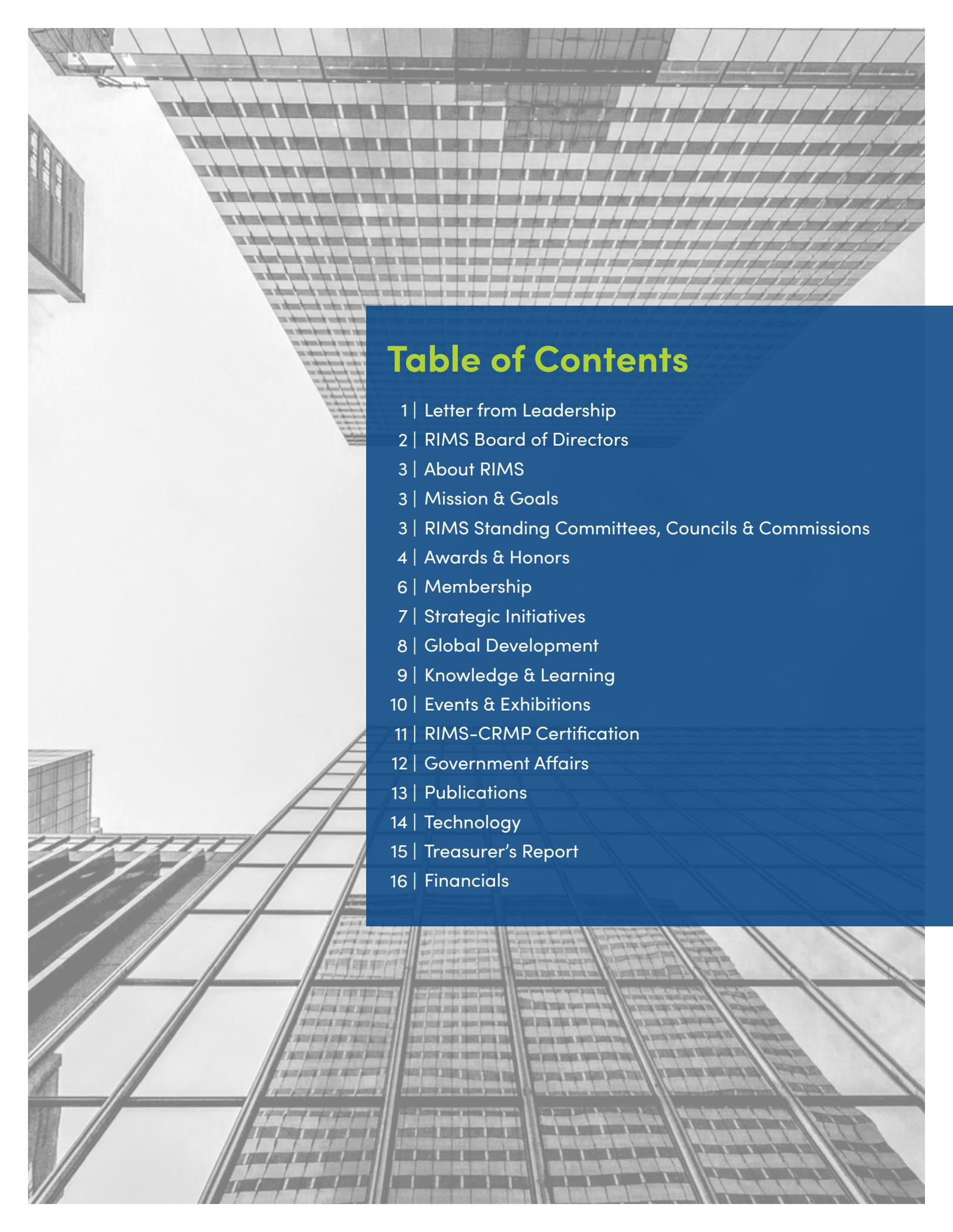




RISK AND INSURANCE  
MANAGEMENT SOCIETY  
**ANNUAL REPORT** **2019**





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# LETTER FROM LEADERSHIP



As we close out the decade, we find ourselves on the precipice of a massive global transformation.

Our businesses have become more sophisticated. They are more connected, more global and have embraced innovative technologies that amplify productivity and services. However, despite greater efficiencies, innovation and ingenuity, the level of uncertainty engulfing our environments has matched that sophistication and, in some cases, exceeded it.

The simultaneous evolution of both business and business risks has elevated risk management, highlighting it as a critical business function that directly impacts resilience, sustainability and, also, growth. Today's risk professional must be ready to adapt, to embrace change and support strategic decision-making so that our organizations are prepared to traverse new challenges and emerge stronger.

As the risk professional's role continues to evolve, RIMS has remained centered on advancing the profession by identifying opportunities that empower our community to become the architects of their company's long-term value creation stories.

From global endeavors that facilitate the exchange of ideas, to strengthening knowledge and learning opportunities, advocacy and other strategic initiatives, the Society remains at the forefront of risk management. RIMS continues to set standards, whether through its participation in professional framework development projects or the expansion of the RIMS-CRMP certification program.

As a united professional community, we must continue the momentum and confidently and courageously step into this new decade willing to do what it takes to evolve into our potential. Risk professionals must dare ourselves to be different, to think differently and to challenge norms. And, as the C-suite and boardroom doors begin to open, our thinking, approaches, and skills must be ready to exceed all expectations.

RIMS success hinges on the dedication and passion of the global risk management community who generously serve as chapter leaders, on our committees and councils and on our Board of Directors. Together, we can confidently step out of our comfort zones and move forward knowing that RIMS is committed to us, and our unique risk management journeys.

Risk professionals continue to make an undeniable impact on the businesses they work for, the world they live in, and the people they serve. We could not be more proud of this progress and our community's commitment to professional excellence.

Sincerely,

A handwritten signature in black ink that reads "Laura Langone".

Laura Langone

RIMS 2020 President

A handwritten signature in black ink that reads "Mary Roth".

Mary Roth

RIMS CEO

# RIMS BOARD OF DIRECTORS



**RIMS 2020 President**  
**Laura Langone, JD, MBA**  
Head of Insurance Operations  
Airbnb, Inc.



**RIMS 2020 Vice President**  
**Ellen Dunkin, Esq.**  
Senior Vice President, General Counsel  
& Chief Risk Officer  
Amalgamated Life Insurance Company



**RIMS 2020 Treasurer**  
**Patrick Sterling, SPHR, SHRM-SCP**  
Senior Director, Legendary People and Risk  
Management  
Texas Roadhouse



**RIMS 2020 Secretary**  
**Jennifer Santiago, RIMS-CRMP, ARM**  
Assistant Vice President, Risk Management  
and Risk Officer  
Pennsylvania State University



**David Arick, ARM**  
Assistant Treasurer  
Global Risk  
Management  
International Paper  
Company



**Gloria Brosius,**  
**RIMS-CRMP**  
RIMS Ex-Officio



**Barry Dillard**  
Director,  
Risk Strategies,  
Insurance and  
Compliance  
Walt Disney Parks  
and Resorts



**Twane Duckworth**  
Chief of Risk  
Management  
City of Jacksonville



**Christina Gardiner**  
Manager,  
Insurance and Risk  
York Region



**Gary Nesbit,**  
**CPCU, CSP, ARM,**  
**AIC, ALCM, SPHR**  
Senior Director of  
Risk Management  
Young Life



**Soubhagya Parija**  
Senior Vice President  
& Chief Risk Officer  
New York Power  
Authority



**Kristen Peed, CPCU,**  
**ARM-E, RPLU, CRM,**  
**CIC, AAI**  
Corporate Director,  
Risk Management  
and Insurance  
CBIZ, Inc.



**Robert Zhang**  
Business Risk  
and Compliance  
Manager  
INGKA China

# ABOUT RIMS



As the preeminent organization dedicated to promoting the profession of risk management, RIMS, *the risk management society*®, is a global not-for-profit organization committed to advancing risk management capabilities for organizational success, bringing networking, professional development and education opportunities to its membership of approximately 10,000 risk management professionals who are located in more than 60 countries. Founded in 1950, the Society represents more than 3,500 industrial, service, nonprofit, charitable and government entities throughout the world. For more information on RIMS, visit [www.RIMS.org](http://www.RIMS.org).

## MISSION AND GOALS

### 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 STANDING COMMITTEES, COUNCILS & COMMISSIONS

Annual Conference Programming  
Audit and Compliance  
Diversity & Inclusion Advisory  
Exhibits Advisory  
External Affairs  
Finance  
International  
Member and Chapter Engagement  
Nominating and Governance  
RIMS Canada  
RIMS-CRMP Certification  
Standards and Practices  
Strategic and Enterprise Risk Management  
Student Advisory

# AWARDS & HONORS



Throughout the year, RIMS honors the commitment of its chapters and the risk profession's trailblazers. Below are the professionals and RIMS chapters that were recognized for their extraordinary contributions to the Society and risk management in 2019.

## Harry and Dorothy Goodell Award

**Debra Rodgers**

Senior Vice President, Global Risk Management (retired)  
Aramark Corporation

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.

## Risk Manager of the Year

**Luke Figora**

Senior Associate Vice President and  
Chief Risk and Compliance Officer  
Northwestern University

## Risk Management Honor Roll

**David Stills**

Vice President, Global Risk Management  
Walmart Inc.

Acquired by RIMS in 2017, The Risk Manager of the Year program – that includes the Risk Management Honor Roll – aims to raise the profile of the risk management profession and the outstanding programs practitioners have implemented within their organizations.

## Heart of RIMS

**Gordon Adams**

RIMS Orange County Chapter

The Heart of RIMS award pays tribute to the legacy of Ron Judd, who served as the RIMS Executive Director for 22 years. Individuals are nominated by chapters for outstanding performance in furthering risk management at the chapter level.

## Donald M. Stuart Award

**Jim Swanson**

Director, Insurance and Risk Management (retired)  
Province of Manitoba

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

**Keesa Garcia**

Risk Manager  
NAL Apartment Homes

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.

## AWARDS & HONORS *(cont'd)*

### **The Richard W. Bland Memorial Award**

#### **Gary Raymond**

Lead, Risk & Insurance  
FedEx Ground

The Richard W. Bland Memorial Award was created by RIMS Kansas City Chapter in 1974 to recognize a member's dedicated commitment in the area of legislation or regulation.

### **Risk Management Hall of Fame 2019 Inductee**

#### **William Mather**

#### **Deborah Luthi**

Co-founded by RIMS and AIG, the Risk Management Hall of Fame was 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.

### **2019 Spencer-RIMS Risk Management Challenge**

#### **St. Joseph's University**

In partnership with Spencer Educational Foundation Inc., teams comprising undergraduate risk management and insurance students compete by developing and presenting risk management strategies to a panel of judges at RIMS Annual Conference & Exhibition.

### **ERM Award of Distinction**

#### **Recology, Inc.**

#### **Honorable Mentions:**

#### **Dubai Roads and Transit Authority**

#### **The Regional Municipality of York**

#### **ON Semiconductor**

Presented annually at RIMS ERM Conference, the ERM Award of Distinction reviews the scope an organization's ERM program and how it engages different levels throughout the organization; the program's link or connection to the company's overall mission; and its ability to create additional value for the organization.

## CHAPTER AWARDS

In 2019, RIMS presented its ECHO Awards to outstanding chapters. The ECHO Awards Program – Enhancing CHapter Outcomes – honors chapters that have successfully aligned their programming with RIMS strategic priorities to Innovate, Develop, Engage and Advocate for the global risk community. This year's chapter recipients received ECHO Awards in the following categories:

- RIMS Chapter of the Year – RIMS Broward County Chapter
- At Large – RIMS Ontario Chapter
- Resource Development – RIMS Arizona Central Chapter
- Engagement – RIMS Central Texas Chapter
- Advocacy – RIMS Oregon Chapter

### **RIMS ERM Award of Distinction India**

#### **Cognizant Technology Solutions**

Presented annually at RIMS Risk Forum India, the award recognizes organizations that have demonstrated the impact and value of successfully employing an enterprise risk management program in India.

### **RIMS Tech, the Insurtech Competition**

#### **Pillar Technologies**

RIMS held its inaugural RIMS Tech, the Insurtech Competition at the Society's 2019 Annual Conference. The competition provides a platform for risk management and insurance solution providers to demonstrate innovative technologies that have the potential to revolutionize the profession.

### **Fred H. Bossons Award**

#### **Ronnie Yuen**

Underwriting Assistant  
Starr Technical Risks Canada Inc

Each year, the Fred H. Bossons Award honors the risk management professional who earns the highest marks on the three courses required to receive the CRM designation.

### **Cristy Award**

#### **Jessica Robb**

Senior Financial Analyst  
Nissan North America

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

### **The J.D. Power 2019 Large Commercial Insurance Study Award**

#### **Top Performing Insurer: XL Catlin now AXA XL**

The annual study measures risk professionals' satisfaction with commercial insurers and insurance brokers.

# MEMBERSHIP



## RIMS Launches New Website

RIMS proudly unveiled a brand new website for the Society in 2019. With an emphasis on delivering relevant content and resources, the site features simplified navigation and an improved user interface and functionality meant to support risk management professionals around the world.

Navigation on the new RIMS website highlights the key tools that RIMS is committed to providing for risk professionals: resources and content, connections, certification, education and events. Website visitors can easily navigate to a variety of resources, or scroll down the new landing page to access Risk Management magazine and find new publications, events, communities and updates about the Society.

## Additional Membership Categories

As the costs of operating increases each year and to provide enhanced risk management tools and services, the Society increased membership dues for the first time in three years. The new dues are as indicated below:

Organizational Membership  
\$650

Additional Professional  
\$240

Individual Professional  
\$350

To help make RIMS accessible to a broader international market of service providers, RIMS also launched the International Associate (Emerging) membership for \$149.

Opis, RIMS member-only online network, saw continued growth in 2019. At the close of the year, over 65 percent of RIMS members were regularly accessing the platform. Hundreds of discussions in its networking forum covered a broad range of risk management trends, best practices including insurance strategies, enterprise risk management, cyber related risks and more.

## RIMS Chapters

RIMS Membership team held nearly 70 interview with local chapter leaders to determine the overall health of the Society's chapter network. Interviews provided an opportunity to share best practices, as well as identify challenges that might be felt throughout the chapter setup. The meetings have enabled RIMS to address issues and develop solutions to more effectively support each individual chapter.

## Diversity and Inclusion

The Board approved a D&I Advisory Council mandate and formed a new Council in Q1. In alignment with Chubb, the Hartford and Willis Towers Watson, RIMS produced the RIMS Risk Talent 2025 Survey and Report. The report provides a better understanding of who comprises the profession today and where skills and experience can be strengthened. The survey also asked respondents to assess their functions, the importance and impact of diversity and inclusion initiatives, and the effectiveness of educational curriculum.

## The Next Generation

RIMS continued to host students at the Annual Conference from around the globe through its Anita Benedetti Student Involvement Program. Thirty-six students, including six from outside of North America were given grants. Initiated as a pilot program at the 1978 RIMS Annual Conference, the program recognizes exceptional students involved in the study of risk management, and has grown into a differentiating part of the Annual Conference experience.

At the Annual Conference, RIMS hosted the annual Spencer-RIMS Risk Management Challenge. Eight university teams were invited to participate (narrowed down from 28 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 teams were narrowed down to three finalists and the winner was St. Joseph's University.

The Student Advisory Council created the Spencer-RIMS Internship Manual for Employers, a guide for gaining buy-in for and developing meaningful risk management internships.

# STRATEGIC INITIATIVES



The Strategic Initiatives area undertakes to expand the value proposition for risk management as a critical business discipline in the following key areas: content development, knowledge and learning, standards and practices, and strategic enterprise risk management practices.

## Content Development

RIMS' Content Team conducts investigative research in developing engaging and relevant program content and identifying emerging and popular topics and risk management trends.

## Podcasts, Articles and Webcasts 2019

The "RIMScast" podcast series, which was launched in September 2018 garnering 1,500 unique downloads by year end, grew its following significantly in 2019. The 48 episodes produced in 2019 received over 15,000 unique downloads. In addition, the team produced a number of Q&A's with successful risk management professionals about their organizations' ERM journeys, and 20 webcasts on various topics, archived on RIMS website.

## RIMS 2019 ERM Conference

Focusing on the value that enterprise risk management can provide, the ninth annual RIMS ERM Conference program in New Orleans was structured to provide participants with unique opportunities for learning and networking in an interactive environment. The two-day ERM Conference featured a thought-provoking keynote by Gretchen Anderson of the Katzenbach Center Community of Practice entitled *Culture, Leadership and Innovation*. Students from Appalachian State, Florida State University, Georgia State University, St. John's University, St. Mary's University, Temple University, the University of Southern California, the University of Georgia and the University of Wisconsin-Madison participated in the conference through a grant from the Spencer Educational Foundation. Recology received the ERM Global Award of Distinction. The Regional Municipality of York (Canada), ON Semiconductor, and the Roads & Transportation Authority (Dubai) received honorable mentions.

## RiskTech Forum

RIMS produced programming for the inaugural RiskTech Forum, featuring the latest technology tools for managing risk today and in the future.

## RIMS Risk Summits 2019

RIMS held two RIMS Risk Summits in 2019 for risk executives. Summit participation is limited to 20 attendees each to foster sharing and interaction. Keynotes by Dr. Paul Walker of St. Johns University (NYC) explored the topics in the context of strategic decisions featuring well-known companies. Summits were held in:

- New York City (June, featuring a case study with Oracle)
- Chicago (July, featuring a case study with Groupon)

## Standards Development

RIMS is involved in the following international standards development:

- Member of US TAG to ANSI for ISO Technical Committee on risk management. US delegate in plenary meetings. Member of ISO 262 Strategic Advisory Group (SAG) and Working Group on a Risk Management Implementation Handbook.
- Liaison on the ISO 309 technical committee on governance of organizations. Member of Working Group on the main Governance standard.
- Member of US TAG to ANSI for ISO Technical Committee on safety and health standards.

## Strategic and Enterprise Risk Management Practices

Members of the Strategic and Enterprise Risk Management and Standards & Practices Councils delivered four content pieces: ISACA/RIMS joint whitepaper *Bridging the Digital Risk Gap*, Risk Management Magazine article *Is Three a Crowd in GRC?*, RIMS/Marsh *Excellence Report 2019*, and *Identifying and Evaluating Emerging Risks*.

# GLOBAL DEVELOPMENT



Formed in 2016, RIMS Global Development team is charged with leading the expansion of RIMS service delivery and influence around the world. In identifying strategic opportunities in the international arena aligned with RIMS' mission and strategic goals, the team explores targeted stakeholder needs and opportunities that are intended to boost membership development and revenue growth, in addition to fostering greater customer and member engagement worldwide.

Continuing the implementation of the RIMS Global Development Strategic Plan, the team built additional relationships in focused countries to showcase the Society, its mission and capabilities to the local risk management communities. This has helped set the stage for revenue-generating agreements that will fuel global growth for years to come.

## India

RIMS hired its first ever full-time staff outside of North America. Mr. Gopal Krishnan, an insurance-industry veteran, joined RIMS as our Head of India Operations based in Mumbai. RIMS conducted several events in India in 2019. Mostly notably, the second annual RIMS India Risk Forum took place in November 2019 in Mumbai. Over 100 people attended from a diverse set of companies. The event featured eight sessions with high-level speakers focusing on a variety of risk management topics. In addition, RIMS partnered with Infosys and RMNext and hosted a conference on digital risks and the impact of disruption in July 2019. The Society held a networking event with the 2019 India Regional Advisory Group that focused on the Personal Data Protection Law and its impact on the insurance industry.

Today, India has the highest number of RIMS-CRMPs outside of North America. With support, the National Insurance Academy (NIA) and BIMTECH have launched their own RIMS-CRMP prep courses in October and November.

RIMS launched the India WhatsApp account, dedicated to providing daily risk management content and RIMS news, with 400+ followers at the end of 2019. This is in addition to multiple other outlets that are dedicated to distribute RIMS information and strengthen the Society's digital presence in India, such as RIMS India LinkedIn page and RIMS.org India landing page. A highly respected industry influencer and leader

has agreed to become the head of the RIMS Regional Advisory Group, in preparation for the formation of RIMS India Chapter in 2020.

## Singapore

In Singapore, RIMS continued to partner with Nanyang Technological University to deliver ERM courses incorporating RIMS-CRMP certification curriculum for local professionals. In addition, RIMS worked in concert with Singapore Management University to successfully launch its RIMS-CRMP program in May of 2019.

RIMS held its first public event in the form of a Masterclass in Singapore with the Singapore Computer Society in April 2019. Over 100 professionals attended this course. RIMS was also a supporting partner to Asia Insurance Review's (AIR) 4th Asia Cyber Risk Summit and was heavily involved with AIR's prestigious Annual Industry Awards. There, a RIMS Board Director joined the judging panel. With a representative on the ground, RIMS will continue to discover opportunities that further its goals.

## China

In China Mainland, RIMS President presented at the Shanghai Forum in May. The launch of RIMS WeChat account allows the Society to provide in-language risk management content and news for the China market. The platform now has more than 200 followers.

In China Hong Kong, RIMS has built a strong relationship with the Insurance Authority of Hong Kong (IAHK). RIMS representatives presented at the IAHK – SASAC High-level symposium on integration of industry and finance and risk prevention. RIMS Board Director Robert Zhang also presented at the follow-up captive meeting led by IAHK and attended by China State Owned Enterprises.

RIMS partnered with Hang Seng University and Hong Kong Federation of Insurers on an ERM Information Session which featured a presentation about the RIMS-CRMP. The Society was also invited to speak at the Hong Kong Trade Development Council Belt & Road Summit in September.

Six international students – from India, China and Colombia – were awarded grants to attend RIMS Annual Conference & Exhibition in Boston as part of RIMS Anita Benedetti Student Involvement Program.

# KNOWLEDGE & LEARNING



In 2019, RIMS education team continued its mission to update education products and add new senior- and executive-level content courses. To direct and maintain this momentum, RIMS welcomed a new Director of Content and Curriculum, Ronald Malden, MBA, MS, Sigma Xi, CAE-CDE, OTCP.

RIMS conducted 20 webinars in 2019. The RIMS webinars ranged in attendance up to 312 attendees. Nearly half of the webinars were sponsored, creating an additional revenue source for the Society.

In 2019, the Society offered 31 in-person workshops with more than 264 risk practitioners in attendance. The feedback on attendee surveys was positive. Attendees valued the interactive and collaborative environment that the workshops provided.

In 2019, we delivered three Learning Labs across the US and Canada. Learning Labs are educational sessions, produced, coordinated and funded by RIMS, for chapters. The program supports the Society's chapters' ability to deliver leading content, information and value to their local members.

## **RIMS / Advisen Benchmark Survey**

The annual RIMS survey, produced with Advisen Ltd., is a single source of benchmark statistics with industry data for thousands of insurance programs from hundreds of organizations – including the programs of hundreds of Fortune 500 companies.

The 2019 RIMS Benchmark Survey (noted that TCOR rose 2 percent in 2018) provides a unique window into a market in transition. Seen against the backdrop of industry economic data, changes in TCOR offer

insights into the forces at work in the insurance industry. Armed with this information, insurance buyers are better positioned to design their risk financing programs, budget insurance costs, report more effectively to senior management and negotiate with carriers.

Knowledge and Learning strategic direction:

- Add more senior and executive level content and course curriculum tied to the RIMS Core Competency Model
- Rollout the Licensing Revenue Model for RIMS educational content
- Complete the conversion of in-person workshops to virtual classrooms
- Complete the course development pipeline
- Explore, formalize and organically mature a risk advisory service that supports risk professionals and other risk owners through their critical risk management challenges and projects
- Mature the RIMS Risk Leaders Series value proposition
- Expand RIMS international educational brand value
- Co-brand and partner with educational providers globally
- Enhance the eLearning digital strategy
- Implement a new Learning Management Software to support the development of new educational experiences

# EVENTS & EXHIBITIONS



## Events

RIMS hosted more than 10,300 guests at its 57<sup>th</sup> Annual Conference & Exhibition in Boston. RIMS 2019 offered attendees from more than 70 countries the opportunity to take advantage of more than 160 education sessions. With nearly 400 exhibiting companies, the Marketplace (Exhibit Hall) offered attendees new solutions and partners. RIMS 2019 also offered new experience enhancements. It featured a new “Start-Up Stadium” where 15 start-ups had the opportunity to present their insurtech and risktech technologies.

Launched in 1963, RIMS Annual Conference & Exhibition attracts some 10,000 risk 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 Marketplace.

RIMS ERM Conference 2019 was held in November in New Orleans and attracted some 400 risk professionals. 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.

The events and exhibitions team continued to engage the global risk community by holding successful events in Singapore (Masterclass) and in India (Risk Forum). The global forums continue to grow and help position the Society as the global risk management society. The Risk Forums are intended to increase brand awareness and provide regionally specific risk management education to new markets. The forums were supported by local members and regional advisory groups.

RIMS RiskTech Forum was created and delivered in 2019. The first-time event was a strategic rebranding of the former Cyber Risk Forum. The event had a special moderator and featured a new format for the start-up pitches. Held in New York City in December, the event attracted some 175 professionals.

# RIMS-CERTIFIED RISK MANAGEMENT PROFESSIONAL CERTIFICATION



The RIMS-CRMP is accredited and globally recognized. It holds accreditation from the American National Standards Institute (ANSI) under ISO/IEC 17024:2012, which makes it the only risk management certification in the world to hold accredited status.

The RIMS-CRMP was established to set competency requirements to advance the risk management profession. Individuals who earn the certification have demonstrated knowledge, achieved the required risk management competencies and are dedicated to upholding high standards of ethical and professional practice.

RIMS has nearly 400 RIMS-CRMP certification holders in 22 countries. Majority of our certification holders are from the US and Canada but its reach continues to expand into Singapore, India, China, Australasia and elsewhere. Fifty-seven percent of RIMS-CRMP certification holders are directors, vice presidents, or work within their organization's C-Suite. The Society has a strong pipeline – close to 700 RIMS-CRMP candidates – who will earn their certifications within the next year and a half.

**57% of RIMS-CRMP certification holders are directors, vice presidents, or work within their organization's C-Suite**

The Certification Commission has approved new eligibility requirements that allow students enrolled in their final year of a bachelor's degree program or higher (or global equivalent) in risk management to apply for the certification and take the exam. Students will be awarded the RIMS-CRMP certification after passing the exam, completing the degree requirements, and demonstrating one-year of full-time experience in risk management.

This opportunity allows RIMS to build awareness while creating career opportunities for risk management students. The Society continues to support students by strengthening its relationships with universities, help-

ing them to align the risk management curriculums with RIMS-CRMP domains and core competencies.

## Around the World

RIMS continues to identify opportunities for risk professionals around the world to earn the certification. Universities in the US, Canada, India, Hong Kong and Singapore now offer exam preparation courses. RIMS has entered into a relationship with Birla Institute of Management Technology, TATA AIG and National Insurance Academy in India. We are also working with the Hong Kong Federation of Insurers, Hong Kong Confederation of Insurance Brokers and Singapore College of Insurance to offer RIMS-CRMP prep courses.

Some of our new relationships with universities in the US include St. John's, Hartford, George Mason and University of Southern California. The Society is supporting the universities through the development and implementation processes, enabling them to align their courses with the five domains tested on the RIMS-CRMP exam:

1. Analyzing the Business Model
2. Designing Organizational Risk Strategies
3. Implementing the Risk Process
4. Developing Organizational Risk Competency
5. Supporting Decision Making

## RIMS-CRMP-FED

The RIMS-CRMP-FED was developed to validate risk management competencies for Federal Government risk professionals. The scope of the credential includes the RIMS-CRMP domains and additional content that is specific to the Federal Government. The RIMS-CRMP-FED credential holders are dedicated to upholding the same high standards of ethical and professional conduct, and continuing education that apply to the core RIMS-CRMP credential. Currently, close to 100 Federal employees hold the RIMS-CRMP-FED.

# GOVERNMENT AFFAIRS



In 2019, RIMS legislative priorities included reauthorizing TRIA (Terrorist Risk Insurance Act), the National Flood Insurance Program Reauthorization (NFIP), the Americans with Disability Act Education and Reform Act, and a national data breach reporting standard.

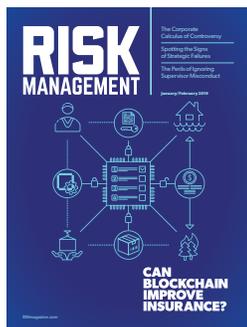
In December of 2019, TRIA was reauthorized for seven years. This was a big win for RIMS as the Society advocated for a long-term reauthorization. A provision about cyber insurance was also included in the final version of the legislation.

A successful Legislative Summit was held in Washington D.C. October 16-17. More than 40 RIMS members attended from 18 states to lobby their members of Congress on RIMS legislative priorities. Attendees met with over 70 House and Senate offices during their Congressional visits, with the primary focus on a reauthorized NFIP.

At the state level, a successful legislative event was held in Sacramento, California in March. As well as numerous RIMS related conference presentations and chapter visits.

In April, the RISK PAC held its annual fundraising reception at the RIMS Annual Conference & Exhibition in Boston.

# 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 2019, *Risk Management* magazine covered a variety of topics for its nearly 20,000 subscribers, with articles on cybersecurity, enterprise risk management, disaster preparedness, climate change, insurance considerations, supply chain concerns and emerging technology risks, as well as a special edition devoted to RIMS award winners, including the Risk Manager of the Year and the Goodell Award recipient. In addition, Publications staff also produced three special digital editions of the magazine with content curated specifically for attendees of the RIMS India Forum, NextGen and Risktech conferences.

Publications also published online exclusive content on RMmagazine.com to provide readers with another way to interact with the publication and risk management community, while the magazine's official blog, the Risk Management Monitor, continued to be a popular resource for the latest risk management news and analysis, featuring posts from RIMS staff and industry experts.

In recognition of the magazine's high quality, the editorial and design staff were honored with three 2019 Azbee Awards of Excellence by the American Society of Business Publications Editors (ASBPE) for editorial content and article and cover layout and design. ASBPE's Azbee Awards of Excellence program is one of the most competitive honors for business-to-business, trade, association and professional publications.

The department also produced a number of white papers and reports in conjunction with various RIMS departments and committees to showcase the Society's expertise, including papers on enterprise risk management, cybersecurity, identifying and evaluating emerging risks, artificial intelligence and active shooter preparedness. Additional sponsored content opportunities also allowed our industry partners to reach a broader audience while bringing in additional revenue for the Society.

Finally, in collaboration with the RIMS Canada Council, the department produced three seasonal RIMS Canada Council newsletters, that were distributed to the Society's Canadian membership.

# TECHNOLOGY



Technological advancements allow businesses to reimagine strategies, to develop more efficient processes and deliver goods and services that address their communities' greatest needs. Each year, RIMS Information Technology Team (RIMS IT) identifies opportunities that allow this Society to deliver thought-leading content, learning experiences, events and resources to business leaders around the world.

In 2019, RIMS IT successfully updated its technology infrastructure to recognize changes to membership categories (Corporate Member became Organizational Member; Deputy Member became Professional Member; and Affiliate Member became Transitional Member). Additionally, the infrastructure revamp included updating dues technology to reflect those changes. The team also added a new RIMS-CRMP profile to netFORUM – RIMS association management software – and added a student category in the certification application.

RIMS IT also successfully supported the development of new products for risk professionals. This year, new product bundles – that packaged webinars, membership, event registration and other learning opportunities – were introduced to engage and attract members. To support those efforts, RIMS IT managed the complimenting technology that included access to the resources and the payment processes. The team also created a more user-friendly advance programming interface that now allows risk professionals to easily locate and connect with chapters.

To best serve this professional network, it is imperative that RIMS staff has the technology to provide exceptional service. RIMS IT added

ZOOM Meeting Technology, improving internal communications and enhancing virtual meeting and document sharing capabilities. A new TrackIt help desk server was implemented, expediting troubleshooting and the team's ability to support innovation and growth initiatives.

Business continuity, cyber security and protecting Society data remain a focus for RIMS IT. Four times in 2019, RIMS shut down power completely, testing technology infrastructure and the team's ability to restore service. The Society added a new backup server and upgraded its Solarwinds technology that allows for greater monitoring of hardware, servers and data.

NetFORUM was outfitted with a new database retention server and the Society moved data storage in-house, strengthening member data security. By installing two additional blade servers, and removing redundancies in records, RIMS IT continues to improve the Society's ability to catalog data and report. Additional security measures taken in 2019 included updating the domain administrator password, implementing Malwarebytes endpoint protection cloud and AlienVault SIEM cloud platform.

RIMS IT also oversaw the implementation and delivery of RIMS new website. The launch of the website will require a continuous effort to port information from the prior version and adjustments to ensure that it delivers an engaging, user-friendly and easy-to-navigate experience for the global risk management community.

# TREASURER'S REPORT 2019

The following commentary highlights the December 31, 2019 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 2019 were \$11,616,466, which represented a \$907,365 decrease from the end of 2018.
- As of 12/31/19, investments were up \$662,643 due to unrealized and realized gains of \$2,119,542 offset by \$1,457,367 in reserve dollars withdrawn for board funded strategic initiatives.
- Deferred conference revenue decreased by \$347,416 in 2019, the difference is due to timing of payments for RIMS 2020 Annual Conference exhibits and sponsorships.
- Cash and cash equivalents decreased by \$1,053,545 due to lower reserve withdrawals than budgeted which were paid from cash on hand and reduced conference prepayments in deferred revenue.
- Accounts payable and accrued expenses increased by \$583,227 due to year-end accrual and timing of payments and to the 2019 accrual of \$400,000 of the remaining two years of RIMS 3-year \$600,000 donation to Spencer Educational Foundation payable over 2019-2021.

## Consolidated Statements of Revenues and Expenses

Total Revenues excluding investments increased by \$769,791

- Revenue from all RIMS events increased by \$698,327 primarily due to revenue from the RIMS 2019 Annual Conference and Exhibition.
  - » RIMS 2019 Annual Conference & Exhibition saw:
    - » Registration revenue increase by \$337,016
    - » Exhibition revenue decrease by \$33,597
    - » Sponsorship revenue decrease by \$66,624
    - » Destination subsidy revenue increase by \$421,571
  - » ERM conference revenue increased by \$117,972 offset by NextGen, CyberRisk and International Risk Forum revenue declines totaling \$87,938.
- Membership dues revenue was flat primarily due to adjustment made at the end of 2019 reconciling the general ledger with the Association Management System balances.
- RIMS Canada Council revenue increased by \$191,851 due to updates from city conferences of earned conference revenue shares from prior year events.
- GRMI revenue increased by \$106,065, exclusive of investments and foreign exchange, due to higher revenue from CRM applications and CRM shared program revenue.
- Publication revenue decreased by \$119,257 due to lower print advertising revenue.
- Online advertising and RIMS marketplace revenue decreased by \$151,893 due to lower sales and placement inventory.

## Program Expenses increased by \$1,472,251

- Increase in expenditures is directly related to higher Annual Conference expenses of \$1 million and increased investment in global development of \$439,458.

## Supporting Services Expenses increased by \$907,906

- Supporting Services includes General and Administration, Information Technology, Finance and Accounting, and Client Services.
- \$600,000 is attributable to the grant pledged to Spencer Educational Foundation, higher IT expenses related to the new website, and the write off of prior-year unreconciled balances.

## Consolidated Statements of Cash Flows

- The significant changes from 2018 to 2019 on this schedule have been discussed above.

RIMS pledges to provide timely and innovative information, education, content, 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,



Patrick Sterling  
RIMS Treasurer

# **Risk and Insurance Management Society, Inc. and Affiliate**

Consolidated Financial Statements  
and Supplementary Information  
Year Ended December 31, 2019

# **Risk and Insurance Management Society, Inc. and Affiliate**

Consolidated Financial Statements and Supplementary Information  
Year Ended December 31, 2019

# Risk and Insurance Management Society, Inc. and Affiliate

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## **Independent Auditor's Report**

The Board of Directors  
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, 2019, the related consolidated statements of activities, functional expenses, 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 as of December 31, 2019, and the changes in their 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 consolidated schedule of operational revenues, expenses and change in net assets, consolidating schedule of financial position and schedule of activities on pages 24, 25, and 26 are presented for purposes of additional analysis and are not required parts 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 to 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 to 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, 2018, 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 we expressed an unmodified opinion dated May 13, 2019.

*BDO USA, LLP*

May 5, 2020

# Risk and Insurance Management Society, Inc. and Affiliate

## Consolidated Statement of Financial Position (with comparative totals for 2018)

| December 31,   | 2019                 | 2018                 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| <b>Current</b>   |                      |                      |
| Cash and cash equivalents (Note 3)                                     | \$ 2,069,142         | \$ 2,985,912         |
| Investments, at fair value (Note 5)                                    | 13,455,083           | 12,792,440           |
| Advertising receivables (Note 3)                                       | 99,625               | 190,289              |
| Other receivables  | 625,145              | 673,309              |
| Prepaid conference expenses  | 405,424              | 515,773              |
| Other current assets   | 875,213              | 913,393              |
| <b>Total Current Assets</b>  | <b>17,529,632</b>    | <b>18,071,116</b>    |
| Assets Limited as to Use   | -                    | 136,777              |
| Investments Held for Chapters  | 72,209               | 60,230               |
| Property and Equipment, Net (Note 6)                                   | 848,229              | 848,002              |
| Intangible Assets  | 565,380              | 502,636              |
|  | <b>\$ 19,015,450</b> | <b>\$ 19,618,761</b> |
| <b>Liabilities and Net Assets</b>                                      |                      |                      |
| <b>Current Liabilities</b>   |                      |                      |
| Accounts payable and accrued expenses                                  | \$ 832,447           | \$ 673,965           |
| Accrued payroll and related benefits                                   | 617,871              | 625,530              |
| Contributions payable to affiliate, current portion<br>(Note 7)        | 200,000              | -                    |
| Contract liabilities   | 4,888,685            | 5,180,775            |
| <b>Total Current Liabilities</b>                                       | <b>6,539,003</b>     | <b>6,480,270</b>     |
| Contributions Payable to Affiliate, net of current portion<br>(Note 7) | 200,000              | -                    |
| Deferred Rent  | 587,772              | 554,430              |
| Liability for Chapter Investments                                      | 72,209               | 60,230               |
| <b>Total Liabilities</b>   | <b>7,348,984</b>     | <b>7,094,930</b>     |
| <b>Commitments and Contingencies (Notes 8 and 9)</b>                   |                      |                      |
| <b>Net Assets</b>  |                      |                      |
| Without donor restrictions   | 11,616,466           | 12,523,831           |
|  | <b>\$ 19,015,450</b> | <b>\$ 19,618,761</b> |

*See accompanying notes to consolidated financial statements.*

# Risk and Insurance Management Society, Inc. and Affiliate

## Consolidated Statement of Activities (with comparative totals for 2018)

| <i>Year ended December 31,</i>  | 2019                         | 2018                 |
|---|------------------------------|----------------------|
|   | (Without Donor Restrictions) |                      |
| <b>Revenues, Gains and Other Support</b>                                  |                              |                      |
| Conferences   | \$ 10,543,131                | \$ 9,841,379         |
| Membership dues   | 2,282,864                    | 2,265,369            |
| Advertising   | 665,766                      | 937,569              |
| Publications  | 780,802                      | 760,928              |
| Membership and chapter services   | 420,069                      | 233,019              |
| Education, certification, and GRMI  | 852,707                      | 699,997              |
| Other revenue   | 582,476                      | 659,552              |
| Investment income (loss), net   | 2,415,969                    | (1,103,579)          |
| <b>Total Revenues, Gains and Other Support</b>                            | <b>18,543,784</b>            | <b>14,294,234</b>    |
| <b>Expenses</b>   |                              |                      |
| Program services:   |                              |                      |
| Conferences   | 5,328,865                    | 4,260,634            |
| Publications  | 879,259                      | 941,523              |
| Knowledge and learning  | 937,420                      | 1,069,141            |
| Marketing and communications  | 1,612,526                    | 1,739,107            |
| Membership recruitment  | 608,709                      | 522,356              |
| Government affairs  | 441,519                      | 386,334              |
| Global initiatives  | 879,098                      | 227,870              |
| Certification   | 291,169                      | 335,310              |
| Global Risk Management Institute  | 254,165                      | 247,522              |
| <b>Total Program Services</b>   | <b>11,232,730</b>            | <b>9,729,797</b>     |
| Supporting services:  |                              |                      |
| General and administration  | 7,873,065                    | 7,009,245            |
| Member and client services  | 376,215                      | 332,554              |
| <b>Total Supporting Services</b>  | <b>8,249,280</b>             | <b>7,341,799</b>     |
| <b>Total Expenses</b>   | <b>19,482,010</b>            | <b>17,071,596</b>    |
| <b>Change in Net Assets, before foreign currency exchange gain (loss)</b> | <b>(938,226)</b>             | <b>(2,777,362)</b>   |
| <b>Foreign Currency Exchange Gain (Loss) (Notes 11 and 12)</b>            | <b>30,861</b>                | <b>(14,381)</b>      |
| <b>Change in Net Assets</b>   | <b>(907,365)</b>             | <b>(2,791,743)</b>   |
| <b>Net Assets, beginning of year</b>                                      | <b>12,523,831</b>            | <b>15,315,574</b>    |
| <b>Net Assets, end of year</b>  | <b>\$ 11,616,466</b>         | <b>\$ 12,523,831</b> |

*See accompanying notes to consolidated financial statements.*

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

**Consolidated Statement of Functional Expenses**

Year ended December 31, 2019

|                                    | Program Services    |                   |                        |                              |                            |                    |                    |                   |   |                        | Supporting Services        |                            |                           | Totals               |                      |
|------------------------------------|---------------------|-------------------|------------------------|------------------------------|----------------------------|--------------------|--------------------|-------------------|---|------------------------|----------------------------|----------------------------|---------------------------|----------------------|----------------------|
|                                    | Conferences         | Publications      | Knowledge and Learning | Marketing and Communications | Membership and Recruitment | Government Affairs | Global Initiatives | Certification     | Related Party: Global Risk Management Institute | Total Program Services | General and Administrative | Member and Client Services | Total Supporting Services | 2019                 | 2018                 |
| <b>Expenses</b>                    |                     |                   |                        |                              |                            |                    |                    |                   |   |                        |                            |                            |                           |                      |                      |
| Salary and benefits                | \$ 894,602          | \$ 525,107        | \$ 640,212             | \$ 1,333,354                 | \$ 235,855                 | \$ 230,140         | \$ 378,413         | \$ 144,400        | \$ -  | \$ 4,382,083           | \$ 2,899,766               | \$ 358,052                 | \$ 3,257,818              | \$ 7,639,901         | \$ 7,396,612         |
| Dues and subscriptions             | 1,601               | 1,934             | 418                    | 1,836                        | 65                         | -                  | 797                | 2,500             | -   | 9,151                  | 12,413                     | -                          | 12,413                    | 21,564               | 25,035               |
| Miscellaneous                      | 276                 | 957               | 622                    | 5,310                        | 629                        | 5,800              | 2,994              | 260               | -   | 16,848                 | 5,891                      | -                          | 5,891                     | 22,739               | 16,311               |
| Postage                            | -                   | -                 | 143                    | -                            | -                          | -                  | -                  | 447               | -   | 590                    | 2,972                      | -                          | 2,972                     | 3,562                | 14,074               |
| Staff training                     | 11,623              | 3,995             | 9,672                  | 21,746                       | 5,659                      | 1,699              | 1,600              | -                 | -   | 55,994                 | 11,971                     | -                          | 11,971                    | 67,965               | 30,877               |
| Supplies                           | 216                 | 251               | 1,800                  | 750                          | 95                         | -                  | 4,696              | 55                | -   | 7,863                  | 45,068                     | -                          | 45,068                    | 52,931               | 59,426               |
| Telephone                          | -                   | -                 | -                      | -                            | -                          | -                  | 1,379              | -                 | -   | 1,379                  | 60,184                     | -                          | 60,184                    | 61,563               | 86,557               |
| Travel                             | 25,030              | 982               | 38,093                 | 16,735                       | 22,042                     | 10,104             | 203,199            | 5,606             | 479   | 322,270                | 87,187                     | 869                        | 88,056                    | 410,326              | 201,810              |
| Conferences and events             | 4,259,021           | -                 | -                      | 6,931                        | -                          | -                  | 57,032             | -                 | -   | 4,322,984              | 173,793                    | -                          | 173,793                   | 4,496,777            | 3,340,074            |
| Grants and contributions           | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | 58,700  | 58,700                 | 667,276                    | -                          | 667,276                   | 725,976              | 50,000               |
| Lobbying                           | -                   | -                 | -                      | -                            | -                          | 193,776            | -                  | -                 | -   | 193,776                | -                          | -                          | -                         | 193,776              | 155,227              |
| Professional fees                  | -                   | -                 | 4,995                  | 18,575                       | -                          | -                  | 168,481            | 26,101            | 10,594  | 228,746                | 249,915                    | 17,294                     | 267,209                   | 495,955              | 343,563              |
| Certification expenses             | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | 170,959   | 170,959                | -                          | -                          | -                         | 170,959              | 177,356              |
| Editorial and circulation expenses | -                   | 279,386           | -                      | -                            | -                          | -                  | -                  | -                 | -   | 279,386                | -                          | -                          | -                         | 279,386              | -                    |
| Global development                 | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 40,394                     | -                          | 40,394                    | 40,394               | 232,298              |
| Strategic initiative               | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | -                          | -                          | -                         | -                    | 20,480               |
| Marketing expenses                 | 136,496             | 66,647            | 19,321                 | 207,289                      | -                          | -                  | 60,507             | 111,800           | -   | 602,060                | -                          | -                          | -                         | 602,060              | 753,206              |
| Membership expenses                | -                   | -                 | -                      | -                            | 344,364                    | -                  | -                  | -                 | -   | 344,364                | -                          | -                          | -                         | 344,364              | 329,144              |
| Education                          | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | -                          | -                          | -                         | -                    | 197,641              |
| Training course expenses           | -                   | -                 | 222,144                | -                            | -                          | -                  | -                  | -                 | -   | 222,144                | -                          | -                          | -                         | 222,144              | -                    |
| IT expenses                        | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 505,213                    | -                          | 505,213                   | 505,213              | 417,985              |
| Depreciation expense               | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 264,506                    | -                          | 264,506                   | 264,506              | 404,166              |
| Bad-debt expense                   | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | 13,054  | 13,054                 | -                          | -                          | -                         | 13,054               | 48,413               |
| Office expenses                    | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 858,843                    | -                          | 858,843                   | 858,843              | 1,008,571            |
| HR and other personnel costs       | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 157,074                    | -                          | 157,074                   | 157,074              | 149,290              |
| Other finance expenses             | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | 379   | 379                    | 942,611                    | -                          | 942,611                   | 942,990              | 856,287              |
| Related-party admin fees           | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 282,129                    | -                          | 282,129                   | 282,129              | 351,033              |
| Prior-year adjustments             | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 353,637                    | -                          | 353,637                   | 353,637              | -                    |
| Board expenses                     | -                   | -                 | -                      | -                            | -                          | -                  | -                  | -                 | -   | -                      | 252,222                    | -                          | 252,222                   | 252,222              | 406,160              |
| <b>Total Expenses</b>              | <b>\$ 5,328,865</b> | <b>\$ 879,259</b> | <b>\$ 937,420</b>      | <b>\$ 1,612,526</b>          | <b>\$ 608,709</b>          | <b>\$ 441,519</b>  | <b>\$ 879,098</b>  | <b>\$ 291,169</b> | <b>\$ 254,165</b>                               | <b>\$ 11,232,730</b>   | <b>\$ 7,873,065</b>        | <b>\$ 376,215</b>          | <b>\$ 8,249,280</b>       | <b>\$ 19,482,010</b> | <b>\$ 17,071,596</b> |

See accompanying notes to consolidated financial statements.

# Risk and Insurance Management Society, Inc. and Affiliate

## Consolidated Statement of Cash Flows (with comparative totals for 2018)

| <i>Year ended December 31,</i>  | 2019                | 2018                |
|---|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                     |                     |
| Change in net assets  | \$ (907,365)        | \$ (2,791,743)      |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                     |                     |
| Depreciation and amortization   | 264,506             | 296,150             |
| Gain on disposal of fixed assets  | -                   | 108,016             |
| Provision for bad debt  | 13,054              | 48,413              |
| Realized gain on investments  | (814,458)           | (398,971)           |
| Unrealized gain (loss) on investments   | (1,343,200)         | 1,742,013           |
| (Increase) decrease in assets:  |                     |                     |
| Advertising receivables   | 90,664              | (51,168)            |
| Other receivables   | 35,110              | (55,366)            |
| Prepaid conference expenses   | 110,349             | 65,651              |
| Other current assets  | 38,180              | (66,673)            |
| Assets limited as to use  | 136,777             | -                   |
| Increase (decrease) in liabilities:   |                     |                     |
| Accounts payable and accrued expenses   | 158,482             | 307,342             |
| Accrued payroll and related benefits  | (7,659)             | 50,417              |
| Contributions payable to affiliate  | 400,000             | (150,000)           |
| Contract liabilities  | (292,090)           | (262,156)           |
| Deferred rent   | 33,342              | 468,061             |
| <b>Net Cash Used in Operating Activities</b>  | <b>(2,084,308)</b>  | <b>(690,014)</b>    |
| <b>Cash Flows from Investing Activities</b>   |                     |                     |
| Purchases of investments  | (10,875,998)        | (10,079,394)        |
| Proceeds from sale of investments   | 12,371,013          | 11,886,222          |
| Purchases of property and equipment   | (264,733)           | (808,598)           |
| Purchase of intangible asset  | (62,744)            | (84,615)            |
| <b>Net Cash Provided by Investing Activities</b>  | <b>1,167,538</b>    | <b>913,615</b>      |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>                             | <b>(916,770)</b>    | <b>223,601</b>      |
| <b>Cash and Cash Equivalents, beginning of year</b>                                     | <b>2,985,912</b>    | <b>2,762,311</b>    |
| <b>Cash and Cash Equivalents, end of year</b>   | <b>\$ 2,069,142</b> | <b>\$ 2,985,912</b> |

*See accompanying notes to consolidated financial statements.*

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### 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 79 chapters across the United States, Canada, New Zealand, 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

#### *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.

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

*With Donor Restrictions* - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or other removed by actions of the Organization are classified as net assets with donor restrictions—perpetual in nature.

*Without Donor Restrictions* - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

### ***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.

### ***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.

### ***Fair Value Measurements***

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. GAAP 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. U.S. GAAP 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 U.S. GAAP as follows:

*Level 1* - Valuations are 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.

*Level 2* - Valuations are 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 are based on inputs that are unobservable and significant to the overall fair value measurement.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### *Investment Income, Net*

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.

Net investment income is presented net of direct external expenses when incurred. The Organization had no internal investment expenses for 2019.

### *Contract Assets*

Amounts related to services provided to customers that have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances typically consist of services provided to customers who are still receiving services at the end of the year. There were no contract assets as of December 31, 2019.

### *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.

### *Impairment of Long-Lived Assets*

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2019, there have been no such losses.

The estimated useful lives of the assets are as follows:

|                                | Estimated<br>Useful Lives |
|--------------------------------|---------------------------|
| Computer software              | 4-7 years                 |
| Furniture and office equipment | 7 years                   |
| Computer hardware              | 3-4 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 \$5,000.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### *Indefinite-Lived Intangible Assets*

RIMS owns trademarks with an indefinite useful life. The trademarks' carrying amount is tested for impairment in accordance with Accounting Standards Codification (ASC) 350, "Intangibles-Goodwill and Other," or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the indefinite-lived intangible asset with its carrying amount. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess. There were no impairment losses recognized in 2019.

### *Contract Liabilities*

Contract liabilities consist of payments made by customers for goods and services not yet performed or delivered and are expected to be performed or delivered within the next fiscal year. Contract liabilities consist 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. For the year ended December 31, 2019, the Organization had contract liabilities totaling \$4,888,685.

### *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.

### *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 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 that 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 (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, 2019.

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 not be sustained upon examination by a taxing authority. 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 IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2019, there were no interest or penalties recorded or included in

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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the statement of activities. The Organization is subject to routine audits by a taxing authority. As of December 31, 2019, the Organization was not subject to any examination by a taxing authority.

### **Revenue Recognition**

The Organization adopted ASC Topic 606, "Revenue from Contracts with Customers" (ASC 606), on January 1, 2019. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

*Step 1* - Identify the contract(s) with a customer.

*Step 2* - Identify the performance obligations in the contract.

*Step 3* - Determine the transaction price.

*Step 4* - Allocate the transaction price to the performance obligations in the contract.

*Step 5* - Recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. ASC 606 also requires new and expanded disclosures regarding revenue recognition to ensure an understanding as to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers that the Organization has identified.

The results of ASC 606 did not have a material impact on the consolidated financial position, changes in net assets, cash flows, business processes, controls or systems of the Organization.

Revenues with customers is comprised of:

### *December 31, 2019*

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|  |    |                      |
|--|----|----------------------|
| Conferences  | \$ | 10,543,131           |
| Membership dues  |    | 2,282,864            |
| Advertising  |    | 665,766              |
| Publications   |    | 780,802              |
| Membership and chapter services                        |    | 420,069              |
| Education, certification, and GRMI                     |    | 852,707              |
| Other revenues   |    | 582,476              |
| <b>Total Revenue from Contracts Subject to ASC 606</b> |    | <b>16,127,815</b>    |
| Net investment income (not subject to ASC 606)         |    | 2,415,969            |
| <b>Total Revenues, Gains, and Other Support</b>        |    | <b>\$ 18,543,784</b> |

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# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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Receivables and contract balances from contracts with customers are as follows:

*December 31, 2019*

|                          | Receivables | Contract Assets | Contract Liabilities |
|--------------------------|-------------|-----------------|----------------------|
| <b>Beginning of Year</b> | \$ 863,598  | \$ -            | \$ 5,180,775         |
| <b>End of Year</b>       | \$ 724,770  | \$ -            | \$ 4,888,685         |

Conference revenues are recorded as revenue when the applicable conference has occurred. Conference revenues are earned through multiple conferences. Sales of registrations to attend conferences are derived from a wide range of individuals and corporations prior to and at the conferences. Conference registration revenues are deferred until the point in time in which the conferences occur.

Membership dues are considered non-refundable exchange transactions from organizations and individuals signing up for a membership. Membership dues are recorded as revenue during the applicable membership period. The portion of such dues that has not been recognized represents a contract liability at year-end. Each year, performance obligations include allowing members access to networking and mentoring, providing exclusive content, such as Risk Management Magazine, and enabling members to take advantage of various discount promotions and preferential pricing on conferences, workshops, and online content. A portion of the membership revenues are recorded under publications revenue in the consolidated statement of activities and revenues are recognized when the publications are issued. The other membership benefits are not distinct. These benefits are bundled and considered a single performance obligation. The Organization accounts for these bundled performance obligations under membership revenue in the consolidated statement of activities and recognizes the sale of memberships over time based on the duration of the membership.

Advertising revenues and publications revenues are recorded as revenue when the applicable publications are issued. The Organization's performance obligations are satisfied at a point in time and the contractual consideration for a given year is recognized once those performance obligations are fulfilled.

### ***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 the 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.

### ***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. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### ***Methods Used for Allocation of Expenses***

The costs of providing the various programs and supporting activities have been summarized in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain categories of expenses that are attributable to one or more program or supporting functions of RIMS. Those expenses include depreciation and amortization, the CEO's office, telephone expenses, personnel costs and general third-party processing expenses, and the information technology department. Although these expenses are attributable to more than one function, these expenses are captured within the management and general function of the summarization of functional expenses and are not allocated to Organization's programmatic functions for financial reporting purposes.

### ***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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

### ***Reclassifications***

Certain prior-year amounts have been reclassified to conform to the current-year presentation.

### ***Recently Adopted Accounting Pronouncement***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cashflows arising from contracts with customers, including significant judgements and changes in judgements. The provisions of ASU 2014-09 became effective and was adopted for the Organization beginning January 1, 2019.

Effective January 1, 2019, the Organization elected the modified retrospective approach in adopting ASU 2014-09 to all contracts under the scope of the guidance. The adoption of this ASU did not have a material impact on the consolidated financial statements. The related presentation of "allowances for doubtful accounts" on the consolidated statement of financial position has been eliminated as a result of adoption.

In June 2018, the FASB issued ASU No. 2018-08, "Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which,

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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depending on the outcome, determines whether the organization follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for the Organization's fiscal year 2019, and the adoption of this update did not have a material impact on the Organization's consolidated financial statements.

### ***Accounting Pronouncements Issued but Not Yet Adopted***

#### *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, 2020, and the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02.

## **4. Liquidity and Availability of Resources**

RIMS's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

### *December 31, 2019*

|   |           |                   |
|---|-----------|-------------------|
| Cash and cash equivalents                           | \$        | 2,069,142         |
| Investments, at fair value                          |           | 13,455,083        |
| Advertising receivables                             |           | 99,625            |
| Accounts receivable                                 |           | 625,145           |
| <b>Resources Available for General Expenditures</b> | <b>\$</b> | <b>16,248,995</b> |

As part of RIMS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, RIMS keeps cash in excess of daily requirements in interest-bearing cash and cash equivalents accounts. Investments, further discussed in Note 5, include money market funds, and foreign and domestic publicly traded mutual funds, all of which can be liquidated within 12 months.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

### 5. Investments and Fair Value Measurements

The following table shows, 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, 2019. 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, 2019.

|                                      | Fair Value Measurement at Reporting Date Using                                |   |  | Balance              |
|--------------------------------------|---|---|--|----------------------|
|                                      | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |                      |
| Money market funds                   | \$ 413,903  | \$ -  | \$ -   | \$ 413,903           |
| Domestic equity mutual funds         | 6,049,157   | -   | -  | 6,049,157            |
| International equity mutual<br>funds | 2,525,174   | -   | -  | 2,525,174            |
| Fixed-income mutual funds            | 4,466,850   | -   | -  | 4,466,850            |
|                                      | <u>\$ 13,455,083</u>  | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ 13,455,083</u> |

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP, as discussed in Note 3. 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.

#### ***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 net asset value (NAV) is the value of a single share that 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.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### 6. Property and Equipment, Net

Property and equipment, net, consists of the following:

*December 31, 2019*

|   |    |             |
|---|----|-------------|
| Leasehold improvements                          | \$ | 252,931     |
| Computer software                               |    | 3,038,038   |
| Furniture and office equipment                  |    | 1,173,672   |
| Computer hardware                               |    | 1,190,093   |
|   |    | <hr/>       |
|   |    | 5,647,919   |
| Less: accumulated depreciation and amortization |    | (4,806,505) |
|   |    | <hr/>       |
|   | \$ | 848,229     |

Depreciation and amortization expense was \$264,506 in 2019.

### 7. 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 \$499,303 in 2019. The fees are included in other revenue on the consolidated statement of activities. The Foundation had no amounts due to RIMS at the end of 2019.

During 2019, the Board of Directors of RIMS approved a \$600,00 three-year pledge to the Foundation. The first payment of \$200,000 was made during 2019, with payments two and three due in 2020 and 2021.

### 8. Pension Plan

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 60 days of service. The Plan matches up to 50% of the participant's first 4% of salary. Expenses for this Plan amounted to \$440,332 for the year ended December 31, 2019.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### 9. Commitments and Contingencies

During 2018, RIMS entered into a new lease agreement for office space. The rental agreement is for 15 years and eight months, effective November 1, 2018, with future commitments as follows:

*Year ending December 31,*

|              |           |                   |
|--------------|-----------|-------------------|
| 2020         | \$        | 789,968           |
| 2021         |           | 789,968           |
| 2022         |           | 789,968           |
| 2023         |           | 843,488           |
| 2024         |           | 854,193           |
| Thereafter   |           | 8,699,275         |
| <b>Total</b> | <b>\$</b> | <b>12,766,860</b> |

As part of the new lease, RIMS was required to provide a security deposit and prepaid rent totaling \$440,949, which is included in other assets of the consolidated statement of financial position.

Rent expense for office space, including escalation and maintenance charges, was \$852,172 for the year ended December 31, 2019.

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.

### 10. Description of Programs and Supporting Services

#### *Conferences*

This department is responsible for the planning and production of RIMS Annual Conference & Exhibition, RIMS ERM Conference, RIMS Risk Summits and RIMS Risk Forums. RIMS Annual Conference & Exhibition is the definitive event for risk professionals, 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 10 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.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### ***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.

### ***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 professionals 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' 79 chapters, including leadership information, support of websites, development of resource materials, and provision of both traditional face-to-face and online training of Chapter officers. Other activities include the Student Advisory Council and Member and Chapter Engagement 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, the RIMS Risk Challenge 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 professionals 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. In 2019, RIMS incurred expenses of \$193,776 related to lobbying activities.

# Risk and Insurance Management Society, Inc. and Affiliate

## Notes to Consolidated Financial Statements

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### ***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 consultant for RIMS’ own ERM program.

### ***General and Administration, Finance, and IT***

This includes the office of the CEO, COO, Finance and Administration, General Counsel, Governance, Board of Directors, information technology, and other support functions. The majority of expenses relate to salaries, rent, computer systems, records management and other support functions.

### ***Membership, Recruitment, and Retention***

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.

## **11. 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, 2019, was an increase in net assets of \$30,861.

## **12. 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 ten local Canadian chapters.

Assets and liabilities of the RCC are as follows:

*December 31, 2019*

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|                             |           |                |
|-----------------------------|-----------|----------------|
| Cash and cash equivalents   | \$        | 383,854        |
| Accounts receivable         |           | 340,680        |
| Prepaid conference expenses |           | 35,352         |
| <b>Net Assets</b>           | <b>\$</b> | <b>759,886</b> |

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## Notes to Consolidated Financial Statements

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Revenues and expenses of the RCC are as follows:

*Year ended December 31, 2019*

|                                   |           |                |
|-----------------------------------|-----------|----------------|
| Other revenue                     | \$        | 225,233        |
| Interest and investment loss      |           | -              |
| Foreign exchange transaction loss |           | -              |
| Expenses                          |           | (118,949)      |
| <b>Change in Net Assets</b>       | <b>\$</b> | <b>106,284</b> |

### 13. Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China, (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the coronavirus as a pandemic, based on the rapid increase in exposure globally.

On March 15, 2020 the Centers of Disease Control and Prevention (“CDC”), the leading public health institute in the United States, recommended that event organizers cancel or postpone in-person events that consist of 50 people or more everywhere in the United States, including conferences and other types of assemblies. In adherence with the CDC’s guidelines, RIMS regretfully canceled its 2020 Annual Conference and Exhibition.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on RIMS’s financial condition, liquidity, and future results of operations. The challenging environment could be exacerbated by risks and uncertainties related to the COVID 19 outbreak in addition to restrictions on travel and forced closures for certain types of public places and businesses. Management is actively monitoring the global situation.

As of the date of this report, RIMS’s investment values have experienced a temporary decline and the outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. Furthermore, as the overall uncertainty of the extent and duration of the effects of the COVID-19 outbreak on organizations remain unclear, RIMS is not able to reasonably estimate the impacts of the pandemic on its investment portfolio or its operating activities

The Organization has evaluated subsequent events through May 5, 2020, which is the date these consolidated financial statements were available to be issued. No additional events arose during the period that would require additional disclosures.

## Supplementary Information

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# Risk and Insurance Management Society, Inc. and Affiliate

## Consolidated Schedule of Operational Revenues, Expenses and Change in Net Assets

*Year ended December 31, 2019*

|  | (Without Donor<br>Restrictions) |
|--|---------------------------------|
| <b>Revenues Per Consolidated Income Statement</b>                              | \$ 18,543,784                   |
| Less: Gain on investments, net   | (2,415,969)                     |
| <b>Total Operational Revenues, Gains and Other Support</b>                     | <b>16,127,815</b>               |
| <b>Expenses Per Consolidated Income Statement</b>                              | <b>19,482,010</b>               |
| Less: board-designated expenses:   |                                 |
| General and administrative   | 600,000                         |
| Finance and accounting   | 114,868                         |
| Knowledge and learning   | 1,882                           |
| Certification program  | 107,630                         |
| Global development   | 412,829                         |
| <b>Total Operational Expenses</b>  | <b>18,244,801</b>               |
| <b>Change in Operational Net Assets, before foreign currency exchange loss</b> | <b>(2,116,986)</b>              |
| <b>Foreign Currency Exchange Gain</b>  | <b>30,861</b>                   |
| <b>Change in Operational Net Assets</b>  | <b>\$ (2,086,125)</b>           |

# Risk and Insurance Management Society, Inc. and Affiliate

## Consolidating Schedule of Financial Position (with comparative totals for 2018)

December 31,

|   | Risk and<br>Insurance<br>Management<br>Society, Inc. | Global Risk<br>Management<br>Institute | Eliminations       | Consolidated         |                      |
|---|--|--|--------------------|----------------------|----------------------|
|   |  |  |                    | 2019                 | 2018                 |
| <b>Assets</b>   |  |  |                    |                      |                      |
| <b>Current</b>  |  |  |                    |                      |                      |
| Cash and cash equivalents   | \$ 1,378,131   | \$ 691,011                             | \$ -               | \$ 2,069,142         | \$ 2,985,912         |
| Investments, at fair value  | 12,280,608   | 1,174,475                              | -                  | 13,455,083           | 12,792,440           |
| Advertising receivables   | 99,625   | -                                      | -                  | 99,625               | 190,289              |
| Other receivables   | 640,368  | 20,363                                 | (35,586)           | 625,145              | 673,309              |
| Prepaid conference expenses                                       | 405,424  | -                                      | -                  | 405,424              | 515,773              |
| Other current assets  | 875,213  | -                                      | -                  | 875,213              | 913,393              |
| <b>Total Current Assets</b>                                       | <b>15,679,369</b>                                    | <b>1,885,849</b>                       | <b>(35,586)</b>    | <b>17,529,632</b>    | <b>18,071,116</b>    |
| <b>Assets Limited as to Use</b>                                   | <b>-</b>   | <b>-</b>                               | <b>-</b>           | <b>-</b>             | <b>136,777</b>       |
| <b>Investments Held for Chapters</b>                              | <b>72,209</b>  | <b>-</b>                               | <b>-</b>           | <b>72,209</b>        | <b>60,230</b>        |
| <b>Property and Equipment, Net</b>                                | <b>848,229</b>                                       | <b>-</b>                               | <b>-</b>           | <b>848,229</b>       | <b>848,002</b>       |
| <b>Intangible Asset</b>   | <b>565,380</b>                                       | <b>-</b>                               | <b>-</b>           | <b>565,380</b>       | <b>502,636</b>       |
|   | <b>\$ 17,165,187</b>                                 | <b>\$ 1,885,849</b>                    | <b>\$ (35,586)</b> | <b>\$ 19,015,450</b> | <b>\$ 19,618,761</b> |
| <b>Liabilities and Net Assets</b>                                 |  |  |                    |                      |                      |
| <b>Current Liabilities</b>  |  |  |                    |                      |                      |
| Accounts payable and accrued expenses                             | \$ 800,447   | \$ 67,586                              | \$ (35,586)        | \$ 832,447           | \$ 673,965           |
| Accrued payroll and related benefits                              | 617,871  | -                                      | -                  | 617,871              | 625,530              |
| Contributions payable to affiliate, current portion               | 200,000  | -                                      | -                  | 200,000              | -                    |
| Contract liabilities  | 4,888,685  | -                                      | -                  | 4,888,685            | 5,180,775            |
| <b>Total Current Liabilities</b>                                  | <b>6,507,003</b>                                     | <b>67,586</b>                          | <b>(35,586)</b>    | <b>6,539,003</b>     | <b>6,480,270</b>     |
| <b>Contributions Payable to Affiliate, net of current portion</b> | <b>200,000</b>                                       | <b>-</b>                               | <b>-</b>           | <b>200,000</b>       | <b>-</b>             |
| <b>Deferred Rent</b>  | <b>587,772</b>                                       | <b>-</b>                               | <b>-</b>           | <b>587,772</b>       | <b>554,430</b>       |
| <b>Liability for Chapter Investments</b>                          | <b>72,209</b>  | <b>-</b>                               | <b>(35,586)</b>    | <b>72,209</b>        | <b>60,230</b>        |
| <b>Total Liabilities</b>  | <b>7,366,984</b>                                     | <b>67,586</b>                          | <b>-</b>           | <b>7,398,984</b>     | <b>7,094,930</b>     |
| <b>Net Assets</b>   |  |  |                    |                      |                      |
| Without donor restrictions  | 9,798,203  | 1,818,263                              | -                  | 11,616,466           | 12,523,831           |
|   | <b>\$ 17,165,187</b>                                 | <b>\$ 1,885,849</b>                    | <b>\$ -</b>        | <b>\$ 19,015,450</b> | <b>\$ 19,618,761</b> |

# Risk and Insurance Management Society, Inc. and Affiliate

## Consolidating Schedule of Activities (with comparative totals for 2018)

Year ended December 31,

|   | Risk and<br>Insurance<br>Management<br>Society, Inc. | Global Risk<br>Management<br>Institute | Eliminations    | Combined             |                      |
|---|--|--|-----------------|----------------------|----------------------|
|   |  |  |                 | 2019                 | 2018                 |
| <b>Revenues, Gains and Other Support</b>                                  |  |  |                 |                      |                      |
| Conference  | \$ 10,543,131  | \$ -                                   | \$ -            | \$ 10,543,131        | \$ 9,841,379         |
| Membership dues   | 2,282,864  | -                                      | -               | 2,282,864            | 2,265,369            |
| Advertising   | 665,766  | -                                      | -               | 665,766              | 937,569              |
| Publications  | 780,802  | -                                      | -               | 780,802              | 760,928              |
| Membership and chapter services   | 420,069  | -                                      | -               | 420,069              | 233,019              |
| Professional development  | 476,467  | 376,240                                | -               | 852,707              | 699,997              |
| Other revenue   | 594,720  | 32,756                                 | (45,000)        | 582,476              | 659,552              |
| Investment income, net  | 2,223,186  | 192,783                                | -               | 2,415,969            | (1,103,579)          |
| <b>Total Revenues, Gains and Other Support</b>                            | <b>17,987,005</b>                                    | <b>601,779</b>                         | <b>(45,000)</b> | <b>18,543,784</b>    | <b>14,294,234</b>    |
| <b>Expenses</b>   |  |  |                 |                      |                      |
| Program services:   |  |  |                 |                      |                      |
| Conferences   | 5,328,865  | -                                      | -               | 5,328,865            | 4,260,634            |
| Publications  | 879,259  | -                                      | -               | 879,259              | 941,523              |
| Knowledge and learning  | 937,420  | -                                      | -               | 937,420              | 1,069,141            |
| Marketing and communications  | 1,612,526  | -                                      | -               | 1,612,526            | 1,739,107            |
| Membership recruitment  | 608,709  | -                                      | -               | 608,709              | 522,356              |
| Government affairs  | 441,519  | -                                      | -               | 441,519              | 386,334              |
| Global initiatives  | 879,098  | -                                      | -               | 879,098              | 227,870              |
| Certification   | 291,169  | -                                      | -               | 291,169              | 335,310              |
| Global Risk Management Institute  | -  | 299,165                                | (45,000)        | 254,165              | 247,522              |
| <b>Total Program Services</b>   | <b>10,978,565</b>                                    | <b>299,165</b>                         | <b>(45,000)</b> | <b>11,232,730</b>    | <b>9,729,797</b>     |
| Supporting services:  |  |  |                 |                      |                      |
| General and administration  | 7,873,065  | -                                      | -               | 7,873,065            | 7,009,245            |
| Member and client services  | 376,215  | -                                      | -               | 376,215              | 332,554              |
| <b>Total Supporting Services</b>  | <b>8,249,280</b>                                     | <b>-</b>                               | <b>-</b>        | <b>8,249,280</b>     | <b>7,341,799</b>     |
| <b>Total Expenses</b>   | <b>19,227,845</b>                                    | <b>299,165</b>                         | <b>(45,000)</b> | <b>19,482,010</b>    | <b>17,071,596</b>    |
| <b>Change in Net Assets, before foreign currency exchange gain (loss)</b> | <b>(1,240,840)</b>                                   | <b>302,614</b>                         | <b>-</b>        | <b>(938,226)</b>     | <b>(2,777,362)</b>   |
| <b>Foreign Currency Exchange Gain (Loss)</b>                              | <b>14,779</b>  | <b>16,082</b>                          | <b>-</b>        | <b>30,861</b>        | <b>(14,381)</b>      |
| <b>Change in Net Assets</b>   | <b>(1,226,061)</b>                                   | <b>318,696</b>                         | <b>-</b>        | <b>(907,365)</b>     | <b>(2,791,743)</b>   |
| <b>Net Assets, beginning of year</b>                                      | <b>11,024,264</b>                                    | <b>1,499,567</b>                       | <b>-</b>        | <b>12,523,831</b>    | <b>15,315,574</b>    |
| <b>Net Assets, end of year</b>  | <b>\$ 9,798,203</b>                                  | <b>\$ 1,818,263</b>                    | <b>\$ -</b>     | <b>\$ 11,616,466</b> | <b>\$ 12,523,831</b> |