

INTERNATIONAL JOURNAL OF LEPROSY
OF THE
INTERNATIONAL LEPROSY ASSOCIATION, INC.

Statement of Financial Condition

Tait, Weller & Baker, Certified Public Accountants, New York, Auditors, INTERNATIONAL JOURNAL OF LEPROSY, on 28 March 1986 transmitted the following audited financial statements for 1985 to the Board of Directors, IJL, with the following report:

"We have examined the balance sheet of the International Journal of Leprosy of the International Leprosy Association as of December 31, 1985 and 1984, and the related statements of revenue, expenses and changes in fund balances, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

"The International Journal of Leprosy of the International Leprosy Association sustained significant operating losses in prior years. During the year ended December 31, 1985, the Organization had excess revenue over expenses. However, the Organization's liabilities exceeded its assets and there were deficits in its fund balances at December 31, 1985 and 1984. These factors among others, as discussed in Note 2, indicate that the Organization may be unable to continue in existence. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Organization be unable to continue in existence.

"In our opinion, subject to the effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty about the recoverability and classification of recorded asset amounts and the amounts and classification of liabilities referred to in the preceding paragraph been known, such financial statements present fairly the financial position of the International Journal of Leprosy of the International Leprosy Association at December 31, 1985 and 1984, and the results of its operations, changes in its fund balances and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis."

BALANCE SHEET

December 31,

ASSETS

	<u>1985</u>	<u>1984</u>
Cash	\$13,257	\$28,170
Contributions in transit	—	8,540
Miscellaneous receivables	1,986	7,830
Equipment (less accumulated depreciation of \$17,533 and \$13,973, respectively)	5,341	8,901
Investments	<u>25,000</u>	<u>—</u>
	<u>\$45,584</u>	<u>\$53,441</u>

LIABILITIES AND FUND BALANCES

Note payable (Note 3)	\$ —	\$10,000
Accounts payable and other liabilities	20,792	29,162
Unearned subscriptions and contributions	<u>28,105</u>	<u>28,657</u>
	<u>48,897</u>	<u>67,819</u>
Fund balances		
Unrestricted Fund	(8,657)	(23,642)
Restricted Fund (Note 4)	3	363
Equipment Fund	<u>5,341</u>	<u>8,901</u>
	<u>(3,313)</u>	<u>(14,378)</u>
	<u>\$45,584</u>	<u>\$53,441</u>

See notes to financial statements.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

Years ended December 31,

	Unrestricted Fund	Restricted Fund	Equipment Fund	Totals	
				1985	1984
Revenues					
Member subscriptions	\$22,557	\$ —	\$ —	\$ 22,557	\$ 22,033
Non-member subscriptions	29,632	—	—	29,632	22,367
Private grants and contributions	58,892	(360)	—	58,532	58,170
Sales of back and single issues	1,450	—	—	1,450	1,087
Sale of back pages	2,600	—	—	2,600	—
Interest on short-term investments	1,529	—	—	1,529	—
Sale of slides	—	—	—	—	7,441
Other	—	—	—	—	600
Royalty income	25	—	—	25	—
Total revenues	<u>116,685</u>	<u>(360)</u>	<u>—</u>	<u>116,325</u>	<u>111,698</u>
Expenses					
General					
Printing—JOURNAL	53,642	—	—	53,642	61,300
Mailing	9,659	—	—	9,659	4,693
Professional fees	2,103	—	—	2,103	1,501
Management services—ILA	500	—	—	500	3,150
Slides	1,244	—	—	1,244	6,197
Miscellaneous	811	—	—	811	1,047
Interest	1,329	—	—	1,329	—
Total general expenses	<u>69,288</u>	<u>—</u>	<u>—</u>	<u>69,288</u>	<u>77,888</u>
Editorial office					
Editorial services and salaries	24,780	—	—	24,780	23,600
Mailing and shipping	872	—	—	872	898
Office supplies and other	246	—	—	246	1,163
Taxes—payroll	1,801	—	—	1,801	1,689
Telephone and telegraph	426	—	—	426	708
Travel	504	—	—	504	3,824
Depreciation	—	—	3,560	3,560	3,988
Miscellaneous	2,232	—	—	2,232	2,688
Total editorial office expenses	<u>30,861</u>	<u>—</u>	<u>3,560</u>	<u>34,421</u>	<u>38,558</u>
Business office					
Equipment	236	—	—	236	—
Mailing and shipping	—	—	—	—	71
Office supplies and other	270	—	—	270	99
Computer	1,045	—	—	1,045	1,019
Total business office expenses	<u>1,551</u>	<u>—</u>	<u>—</u>	<u>1,551</u>	<u>1,189</u>
Total expenses	<u>101,700</u>	<u>—</u>	<u>3,560</u>	<u>105,260</u>	<u>117,635</u>
Excess (deficiency) of revenues over expenses	14,985	(360)	(3,560)	11,065	(5,937)
Fund balances					
Beginning of year	(23,642)	363	8,901	(14,378)	(8,441)
End of year	<u>\$ (8,657)</u>	<u>\$ 3</u>	<u>\$ 5,341</u>	<u>\$ (3,313)</u>	<u>\$ (14,378)</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended December 31,

	<u>1985</u>	<u>1984</u>
Sources of cash		
From operations		
Excess of revenue over expenses	\$ 11,065	\$ —
Depreciation	3,560	—
Cash provided from operations	<u>14,625</u>	<u>—</u>
Decrease in contributions in transit	8,540	6,777
Decrease in receivables	5,844	—
Increase in note payable	—	10,000
Increase in unearned subscriptions and contributions	<u>—</u>	<u>11,982</u>
	<u>29,009</u>	<u>28,759</u>
Uses of cash		
For operations		
Excess of expenses over revenue	—	5,937
Depreciation	<u>—</u>	<u>(3,988)</u>
Cash used for operations	—	1,949
Increase in receivables	—	6,665
Increase in investments	25,000	—
Decrease in notes payable	10,000	—
Decrease in accounts payable and other liabilities	8,370	8,942
Decrease in payable to American Leprosy Missions, Inc.	—	4,259
Decrease in unearned subscriptions and contributions	<u>552</u>	<u>—</u>
	<u>43,922</u>	<u>21,815</u>
INCREASE (DECREASE) IN CASH	<u>\$ (14,913)</u>	<u>\$ 6,944</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 1985 and 1984

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared on the accrual basis and, as such, income from subscriptions to the "International Journal of Leprosy" is recognized ratably over the term of the subscriptions.

EQUIPMENT

Acquisitions of office equipment are recorded at cost. Depreciation is provided using the straight-line method over five years.

INCOME TAX

The organization continues to qualify as a non-taxable organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income tax is necessary.

NOTE 2—GOING CONCERN

The organization sustained significant operating losses in prior years and its liabilities exceeded its assets and there were deficits in its fund balances at December 31, 1985 and 1984. The Organization received \$27,522 in 1985 and \$25,819 in 1984 in donated services from American Leprosy Missions, Inc. (Note 5). The Organization's ability to operate in the future is dependent upon continued positive operating results and the continuation of donated services support.

NOTE 3—NOTE PAYABLE

At December 31, 1984, the organization had an unsecured note payable to a contributing member organization. This note payable was due on demand and carried an interest rate which is based upon the lender's interest received on its bank investments. During 1985, this note was repaid.

NOTE 4—RESTRICTED FUND

On May 11, 1976, the Lani Booth Fund contributed \$25,000 for the printing and distribution of a cumulative index of the first forty volumes of the "International Journal of Leprosy." Expenses incurred in the production of the index to date are \$24,997.

NOTE 5—DONATED SERVICES

American Leprosy Missions, Inc. has provided various services throughout the year. No amounts have been reflected in the statements for these services. The estimated value is as follows:

	<u>1985</u>	<u>1984</u>
Administrative and secretarial	\$18,735	\$17,032
Occupancy	8,787	8,787
	<u>\$27,522</u>	<u>\$25,819</u>