Statement of Financial Condition

Tait, Weller & Baker, Certified Public Accountants, New York, Auditors, INTERNATIONAL JOURNAL OF LEPROSY, on 31 March 1988 transmitted the following audited financial statements for 1987 to the Board of Directors, IJL, with the following report:

"We have examined the balance sheets of the International Journal of Leprosy of the International Leprosy Association as of December 31, 1987 and 1986, 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 recent years and the Organization's liabilities exceeded its assets and there were deficits in its fund balances at December 31, 1987 and 1986. 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, 1987 and 1986, 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,

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>1987</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$29,364</td>
<td>$33,244</td>
</tr>
<tr>
<td>Grants and miscellaneous receivables</td>
<td>15,409</td>
<td>18,730</td>
</tr>
<tr>
<td>Equipment (less accumulated depreciation of $19,313 and $17,533, respectively)</td>
<td>-</td>
<td>1,780</td>
</tr>
<tr>
<td>Total assets</td>
<td>$44,773</td>
<td>$53,754</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>1987</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and other liabilities</td>
<td>$28,375</td>
<td>$30,016</td>
</tr>
<tr>
<td>Unearned subscriptions and contributions</td>
<td>18,907</td>
<td>26,130</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>47,282</td>
<td>56,146</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND BALANCES (DEFICITS)</th>
<th>1987</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Fund</td>
<td>(2,512)</td>
<td>(4,175)</td>
</tr>
<tr>
<td>Restricted Fund (Note 3)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Equipment Fund</td>
<td>-</td>
<td>1,780</td>
</tr>
<tr>
<td>Total liabilities and fund balances (deficits)</td>
<td>(2,509)</td>
<td>(2,392)</td>
</tr>
<tr>
<td></td>
<td>$44,773</td>
<td>$53,754</td>
</tr>
</tbody>
</table>

See notes to financial statements.
# STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

**Years ended December 31,**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Fund</th>
<th>Restricted Fund</th>
<th>Equipment Fund</th>
<th>Totals</th>
<th>1987</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member subscriptions</td>
<td>$34,480</td>
<td>$ -</td>
<td>$ -</td>
<td>$34,480</td>
<td>$31,271</td>
<td></td>
</tr>
<tr>
<td>Non-member subscriptions</td>
<td>16,917</td>
<td>$ -</td>
<td>$ -</td>
<td>16,917</td>
<td>33,967</td>
<td></td>
</tr>
<tr>
<td>Private grants and contributions</td>
<td>76,163</td>
<td>$ -</td>
<td>$ -</td>
<td>76,163</td>
<td>49,260</td>
<td></td>
</tr>
<tr>
<td>Sales of back and single issues</td>
<td>112</td>
<td>$ -</td>
<td>$ -</td>
<td>112</td>
<td>1,125</td>
<td></td>
</tr>
<tr>
<td>Page charges</td>
<td>3,566</td>
<td>$ -</td>
<td>$ -</td>
<td>3,566</td>
<td>3,010</td>
<td></td>
</tr>
<tr>
<td>Interest on short-term investments</td>
<td>255</td>
<td>$ -</td>
<td>$ -</td>
<td>255</td>
<td>961</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>173</td>
<td>$ -</td>
<td>$ -</td>
<td>173</td>
<td>266</td>
<td></td>
</tr>
<tr>
<td>Royalty income</td>
<td>41</td>
<td>$ -</td>
<td>$ -</td>
<td>41</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$131,707</td>
<td>$ -</td>
<td>$ -</td>
<td>$131,707</td>
<td>119,881</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing—JOURNAL</td>
<td>68,159</td>
<td>$ -</td>
<td>$ -</td>
<td>68,159</td>
<td>57,572</td>
<td></td>
</tr>
<tr>
<td>Mailing</td>
<td>19,930</td>
<td>$ -</td>
<td>$ -</td>
<td>19,930</td>
<td>13,349</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>2,200</td>
<td>$ -</td>
<td>$ -</td>
<td>2,200</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Management services—ILA</td>
<td>4,000</td>
<td>$ -</td>
<td>$ -</td>
<td>4,000</td>
<td>2,500</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>813</td>
<td>$ -</td>
<td>$ -</td>
<td>813</td>
<td>924</td>
<td></td>
</tr>
<tr>
<td><strong>Total general expenses</strong></td>
<td>95,102</td>
<td>$ -</td>
<td>$ -</td>
<td>95,102</td>
<td>76,345</td>
<td></td>
</tr>
</tbody>
</table>

| **Editorial office** |                   |                 |                |        |      |      |
| Editorial services and salaries | 27,320   | $ -             | $ -            | 27,320 | 26,019 |
| Mailing and shipping | 991               | $ -             | $ -            | 991    | 941  |
| Office supplies and other | 436         | $ -             | $ -            | 436    | 583  |
| Taxes—payroll        | 1,971             | $ -             | $ -            | 1,971  | 1,860 |
| Telephone and telegraph | 418          | $ -             | $ -            | 418    | 553  |
| Travel               | $ -               | $ -             | $ -            | $ -    | 1,377 |
| Depreciation         | $ -               | $ 1,780         | $ -            | $1,780 | 3,561 |
| Miscellaneous        | 2,639             | $ -             | $ -            | 2,639  | 1,713 |
| **Total editorial office expenses** | 33,775      | $ 1,780         | $ -            | 35,555 | 36,607 |

| **Business office**  |                   |                 |                |        |      |      |
| Mailing and shipping | 998               | $ -             | $ -            | 998    | 2,938 |
| Office supplies and other | 169         | $ -             | $ -            | 169    | 904  |
| Computer             | $ -               | $ -             | $ -            | $ -    | 2,166 |
| **Total business office expenses** | 1,167     | $ -             | $ -            | 1,167  | 6,008 |

| **Total expenses**   | 130,044          | $ 1,780         | $ -            | 131,824 | 118,960 |

| **Excess (deficiency) of revenues over expenses** | 1,663 | $(1,780) | $(117) | 921 |

<table>
<thead>
<tr>
<th><strong>Fund balances (deficits)</strong></th>
<th>Unrestricted Fund</th>
<th>Restricted Fund</th>
<th>Equipment Fund</th>
<th>Totals</th>
<th>1987</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year</td>
<td>$(4,175)</td>
<td>3</td>
<td>1,780</td>
<td>(2,392)</td>
<td>(3,313)</td>
<td></td>
</tr>
<tr>
<td>End of year</td>
<td>$(2,512)</td>
<td>3</td>
<td>$ -</td>
<td>$(2,509)</td>
<td>$(2,392)</td>
<td></td>
</tr>
</tbody>
</table>

See notes to financial statements.
### Statement of Financial Condition

#### Statement of Changes in Financial Position

**Years ended December 31,**

<table>
<thead>
<tr>
<th>Sources of Cash</th>
<th>1987</th>
<th>1986</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficiency) of revenue over expenses</td>
<td>$ (117)</td>
<td>$ 921</td>
</tr>
<tr>
<td><strong>Items not requiring cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,780</td>
<td>3,561</td>
</tr>
<tr>
<td>Cash provided from (used for) operations</td>
<td>1,663</td>
<td>4,482</td>
</tr>
<tr>
<td><strong>Decrease in</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>3,321</td>
<td>—</td>
</tr>
<tr>
<td>Investments</td>
<td>—</td>
<td>25,000</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>—</td>
<td>9,224</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash</strong></td>
<td>$ (3,880)</td>
<td>$ (19,987)</td>
</tr>
</tbody>
</table>

**Uses of Cash**

**Increase in**

| Receivables | — | 16,744 |

**Decrease in**

| Accounts payable and other liabilities | 1,641 | —   |
| Unearned subscriptions and contributions | 7,223 | 1,975 |
| **Increase (decrease) in cash** | $ 8,864 | 18,719 |

See notes to financial statements.

### Notes to Financial Statements

#### December 31, 1987 and 1986

**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 has continued 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 recent years. Its liabilities exceeded its assets resulting in deficit fund balances at December 31, 1987 and 1986. In addition, the Organization received an estimated $25,000 and $27,500 in 1987 and 1986, respectively, in donated services from American Leprosy Missions, Inc. (see Note 4). 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—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 4—DONATED SERVICES**

American Leprosy Missions, Inc. has provided various services to the Organization. No amounts have been reflected in the statements for these services. The estimated values for these services for the years ended December 31, 1987 and 1986 are approximately $25,000 and $27,500, of which $16,200 and $18,700 is for administrative and secretarial support and $8,800 for occupancy costs, respectively.