

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 24 March 1989 transmitted the following audited financial statements for 1988 to the Board of Directors, IJL, with the following report:

"We have audited the accompanying balance sheets of the International Journal of Leprosy of the International Leprosy Association as of December 31, 1988 and 1987, and the related statements of revenue, expenses and changes in unrestricted fund balance, and changes in financial position for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

"We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

"In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Journal of Leprosy of the International Leprosy Association as of December 31, 1988 and 1987, and the results of its operations, the changes in its fund balances, and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles.

"The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 2 to the financial statements, the Organization has sustained significant operating losses in recent years and has a net deficiency in fund balances that raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty."

BALANCE SHEET

December 31,

ASSETS

	1988	1987
Cash	\$49,039	\$29,364
Grants and miscellaneous receivables	1,986	15,409
Total assets	<u>\$51,025</u>	<u>\$44,773</u>

LIABILITIES

Accounts payable and other liabilities	\$36,091	\$28,375
Unearned subscriptions and contributions	18,205	18,907
	<u>54,296</u>	<u>47,282</u>

FUND BALANCES (DEFICITS)

Unrestricted Fund	(3,274)	(2,512)
Restricted Fund (Note 3)	3	3
	<u>(3,271)</u>	<u>(2,509)</u>
Total liabilities and fund balances (deficits)	<u>\$51,025</u>	<u>\$44,773</u>

See notes to financial statements.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

Years ended December 31,

	<u>1988</u>	<u>1987</u>
Revenues		
Member subscriptions	\$ 26,213	\$ 34,480
Non-member subscriptions	32,233	16,917
Private grants and contributions	79,060	76,163
Sales of back and single issues	128	112
Page charges	2,550	3,566
Interest on short-term investments	411	255
Other	564	173
Royalty income	101	41
Total revenues	<u>141,260</u>	<u>131,707</u>
Expenses		
General		
Printing—Journal	72,676	68,159
Mailing	18,928	19,930
Professional fees	2,300	2,200
Management services—ILA	5,927	4,000
Miscellaneous	1,270	813
Total general expenses	<u>101,101</u>	<u>95,102</u>
Editorial office		
Editorial services and salaries	28,686	27,320
Mailing and shipping	1,112	991
Office supplies and other	700	436
Taxes—payroll	2,126	1,971
Telephone and telegraph	510	418
Travel	4,910	—
Depreciation	—	1,780
Miscellaneous	2,840	2,639
Total editorial office expenses	<u>40,884</u>	<u>35,555</u>
Business office		
Mailing and shipping	—	998
Office supplies and other	37	169
Total business office expenses	<u>37</u>	<u>1,167</u>
Total expenses	<u>142,022</u>	<u>131,824</u>
Excess of expenses over revenues	(762)	(117)
Fund balance (deficit)		
Beginning of year	(2,512)	(2,395)
End of year	<u>\$ (3,274)</u>	<u>\$ (2,512)</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended December 31,

	<u>1988</u>	<u>1987</u>
Sources (uses) of cash		
Operations		
Excess of expenses over revenue	\$ (762)	\$ (117)
Items not requiring cash		
Depreciation	<u>—</u>	<u>1,780</u>
Cash provided from (used for) operations	(762)	1,663
Decrease in		
Receivables	13,423	3,321
Increase (decrease) in		
Accounts payable and other liabilities	7,716	(1,641)
Unearned subscriptions and contributions	<u>(702)</u>	<u>(7,223)</u>
INCREASE (DECREASE) IN CASH	<u>\$ 19,675</u>	<u>\$ (3,880)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 1988 and 1989

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.

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 had sustained significant operating losses in recent years. Its liabilities exceeded its assets resulting in deficit fund balances at December 31, 1988 and 1987. In addition, the Organization received an estimated \$18,800 and \$25,000 in 1988 and 1987, respectively, in donated services from American Leprosy Missions, Inc. (See Note 4). The Organization's ability to operate in the future is dependent upon 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, 1988 and 1987 are approximately \$18,800 and \$25,000, of which \$10,000 and \$16,200 are for administrative and secretarial support and \$8,800 for occupancy costs, respectively.