

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 13 May 1987 transmitted the following audited financial statements for 1986 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, 1986 and 1985, 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 years prior to the year ended December 31, 1985. During the years ended December 31, 1986 and 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, 1986 and 1985. 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, 1986 and 1985, 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>1986</u>	<u>1985</u>
Cash	\$33,244	\$13,257
Grants and miscellaneous receivables	18,730	1,986
Equipment (less accumulated depreciation of \$17,533 and \$13,973, respectively)	1,780	5,341
Investments	—	25,000
Total assets	<u>\$53,754</u>	<u>\$45,584</u>
 LIABILITIES		
Accounts payable and other liabilities	\$30,016	\$20,792
Unearned subscriptions and contributions	26,130	28,105
	<u>56,146</u>	<u>48,897</u>
 FUND BALANCES (DEFICITS)		
Unrestricted Fund	(4,175)	(8,657)
Restricted Fund (Note 3)	3	3
Equipment Fund	1,780	5,341
	<u>(2,392)</u>	<u>(3,313)</u>
Total liabilities and fund balances (deficits)	<u>\$53,754</u>	<u>\$45,584</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	
				1986	1985
Revenues					
Member subscriptions	\$ 31,271	\$ —	\$ —	\$ 31,271	\$ 22,557
Non-member subscriptions	33,967	—	—	33,967	29,632
Private grants and contributions	49,260	—	—	49,260	58,532
Sales of back and single issues	1,125	—	—	1,125	1,450
Page charges	3,010	—	—	3,010	2,600
Interest on short-term investments	961	—	—	961	1,529
Other	266	—	—	266	—
Royalty income	21	—	—	21	25
Total revenues	<u>119,881</u>	<u>—</u>	<u>—</u>	<u>119,881</u>	<u>116,325</u>
Expenses					
General					
Printing—JOURNAL	57,572	—	—	57,572	53,642
Mailing	13,349	—	—	13,349	9,659
Professional fees	2,000	—	—	2,000	2,103
Management services—ILA	2,500	—	—	2,500	500
Miscellaneous	924	—	—	924	811
Slides	—	—	—	—	1,244
Interest	—	—	—	—	1,329
Total general expenses	<u>76,345</u>	<u>—</u>	<u>—</u>	<u>76,345</u>	<u>69,288</u>
Editorial office					
Editorial services and salaries	26,019	—	—	26,019	24,780
Mailing and shipping	941	—	—	941	872
Office supplies and other	583	—	—	583	246
Taxes—payroll	1,860	—	—	1,860	1,801
Telephone and telegraph	553	—	—	553	426
Travel	1,377	—	—	1,377	504
Depreciation	—	—	3,561	3,561	3,560
Miscellaneous	1,713	—	—	1,713	2,232
Total editorial office expenses	<u>33,046</u>	<u>—</u>	<u>3,561</u>	<u>36,607</u>	<u>34,421</u>
Business office					
Equipment	—	—	—	—	236
Mailing and shipping	2,938	—	—	2,938	—
Office supplies and other	904	—	—	904	270
Computer	2,166	—	—	2,166	1,045
Total business office expenses	<u>6,008</u>	<u>—</u>	<u>—</u>	<u>6,008</u>	<u>1,551</u>
Total expenses	<u>115,399</u>	<u>—</u>	<u>3,561</u>	<u>118,960</u>	<u>105,260</u>
Excess (deficiency) of revenues over expenses	4,482	—	(3,561)	921	11,065
Fund balances (deficit)					
Beginning of year	(8,657)	3	5,341	(3,313)	(14,378)
End of year	<u>\$ (4,175)</u>	<u>\$ 3</u>	<u>\$ 1,780</u>	<u>\$ (2,392)</u>	<u>\$ (3,313)</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended December 31,

	<u>1986</u>	<u>1985</u>
Sources of cash		
From operations		
Excess of revenue over expenses	\$ 921	\$ 11,065
Depreciation	<u>3,561</u>	<u>3,560</u>
Cash provided from operations	4,482	14,625
Decrease in		
Contributions in transit	—	8,540
Receivables	—	5,844
Investments	25,000	—
Increase in accounts payable	<u>9,224</u>	<u>—</u>
	<u>38,706</u>	<u>29,009</u>
Uses of cash		
Increase in		
Investments	—	25,000
Accounts receivable	16,744	—
Decrease in		
Notes payable	—	10,000
Accounts payable and other liabilities	—	8,370
Unearned subscriptions and contributions	<u>1,975</u>	<u>552</u>
	<u>18,719</u>	<u>43,922</u>
INCREASE (DECREASE) IN CASH	<u><u>\$ 19,987</u></u>	<u><u>\$ (14,913)</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 1986 and 1985

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 prior to the year ended December 31, 1985. Its liabilities exceeded its assets resulting in deficit fund balances at December 31, 1986 and 1985. In addition, the Organization received an estimated \$27,500 in 1986 and 1985 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 throughout the year. No amounts have been reflected in the statements for these services. The estimated values for these services for the years ended December 31, 1986 and 1985 are approximately \$27,500, of which \$18,700 is for administrative and secretarial support and \$8,800 for occupancy costs.