

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 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,

ASSETS

	<u>1987</u>	<u>1986</u>
Cash	\$29,364	\$33,244
Grants and miscellaneous receivables	15,409	18,730
Equipment (less accumulated depreciation of \$19,313 and \$17,533, respectively)	—	1,780
Total assets	<u>\$44,773</u>	<u>\$53,754</u>

LIABILITIES

Accounts payable and other liabilities	\$28,375	\$30,016
Unearned subscriptions and contributions	<u>18,907</u>	<u>26,130</u>
	47,282	56,146

FUND BALANCES (DEFICITS)

Unrestricted Fund	(2,512)	(4,175)
Restricted Fund (Note 3)	3	3
Equipment Fund	—	1,780
	<u>(2,509)</u>	<u>(2,392)</u>
Total liabilities and fund balances (deficits)	<u>\$44,773</u>	<u>\$53,754</u>

See notes to financial statements.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES
Years ended December 31,

	Unrestricted	Restricted	Equipment	Totals	
	Fund	Fund	Fund	1987	1986
Revenues					
Member subscriptions	\$ 34,480	\$ —	\$ —	\$ 34,480	\$ 31,271
Non-member subscriptions	16,917	—	—	16,917	33,967
Private grants and contributions	76,163	—	—	76,163	49,260
Sales of back and single issues	112	—	—	112	1,125
Page charges	3,566	—	—	3,566	3,010
Interest on short-term investments	255	—	—	255	961
Other	173	—	—	173	266
Royalty income	41	—	—	41	21
Total revenues	<u>131,707</u>	<u>—</u>	<u>—</u>	<u>131,707</u>	<u>119,881</u>
Expenses					
General					
Printing—JOURNAL	68,159	—	—	68,159	57,572
Mailing	19,930	—	—	19,930	13,349
Professional fees	2,200	—	—	2,200	2,000
Management services—ILA	4,000	—	—	4,000	2,500
Miscellaneous	813	—	—	813	924
Total general expenses	<u>95,102</u>	<u>—</u>	<u>—</u>	<u>95,102</u>	<u>76,345</u>
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	<u>33,775</u>	<u>—</u>	<u>1,780</u>	<u>35,555</u>	<u>36,607</u>
Business office					
Mailing and shipping	998	—	—	998	2,938
Office supplies and other	169	—	—	169	904
Computer	—	—	—	—	2,166
Total business office expenses	<u>1,167</u>	<u>—</u>	<u>—</u>	<u>1,167</u>	<u>6,008</u>
Total expenses	<u>130,044</u>	<u>—</u>	<u>1,780</u>	<u>131,824</u>	<u>118,960</u>
Excess (deficiency) of revenues over expenses	1,663	—	(1,780)	(117)	921
Fund balances (deficits)					
Beginning of year	(4,175)	3	1,780	(2,392)	(3,313)
End of year	<u>\$ (2,512)</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ (2,509)</u>	<u>\$ (2,392)</u>

See notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

Years ended December 31,

	<u>1987</u>	<u>1986</u>
Sources of cash		
Operations		
Excess (deficiency) of revenue over expenses	\$ (117)	\$ 921
Items not requiring cash		
Depreciation	<u>1,780</u>	<u>3,561</u>
Cash provided from (used for) operations	1,663	4,482
Decrease in		
Receivables	3,321	—
Investments	—	25,000
Increase in accounts payable	<u>—</u>	<u>9,224</u>
	<u>4,984</u>	<u>38,706</u>
Uses of cash		
Increase in		
Receivables	—	16,744
Decrease in		
Accounts payable and other liabilities	1,641	—
Unearned subscriptions and contributions	<u>7,223</u>	<u>1,975</u>
	<u>8,864</u>	<u>18,719</u>
INCREASE (DECREASE) IN CASH	<u><u>\$ (3,880)</u></u>	<u><u>\$ (19,987)</u></u>

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.