

REPORT OF THE TREASURER

The audited financial statement for the fiscal year ended September 30, 1977 showed assets of \$207,963.61 up \$37,078.17 for the year. Liabilities increased \$30,437.00 to \$68,300.00. The liabilities include printing costs for the 1975 and 1976 Proceedings as well as examination fees for jointly administered examinations soon to be paid to the Society of Actuaries.

Membership equity increased \$6,641.17 to \$139,663.61. This is comprised of the Michelbacher Fund of \$28,889.86, up \$2,751.89 for the year, the Dorweiler Fund of \$6,845.30 up \$470.17 and surplus of \$103,928.45 up \$3,419.11.

No new investments were made during the year and none are contemplated for the near future. Our principal investments are a \$100,000 U.S. Treasury Note maturing in May, 1981, yielding 7.5% and a 1 year time savings account of \$26,702.90 paying 6½% maturing in May, 1978. The time savings account was an automatic extension of the account opened one year earlier.

Our operations had been budgeted at the breakeven level for the past year. Three items account for most of the \$3,419 surplus growth experienced. Exam fees were higher than expected and the Board of Directors in September approved two contributions: Two thousand dollars was approved for a Joint Minority Scholarship Program contribution which had not been budgeted and \$5,000 was approved for the Actuarial Education and Research Fund. The budget contained only \$2,000 for this item. The \$5,000 will be used for a project involving preparation of a textbook on loss distributions.

The Michelbacher and Dorweiler Funds grew as a result of interest credited on fund balances and \$982.52 received as royalties on Mr. Michelbacher's books.

The operating budget approved for the coming year shows only slight changes overall from last year. Printing and stationery will increase \$4,500 or 13% and the charge for Secretarial Services provided by the National Council will increase \$2,750 or 7.5%. These increases are offset by a reduction in the contributions budget. The operating budget has been established at the breakeven level on an accrual basis. On a cash basis, a deficit

will be produced since printing bills should be paid for two issues of the Proceedings.

The level of membership dues will be unchanged. Fellowship dues are \$70.00. Associateship dues are \$50.00 for the first five years and \$70.00 thereafter. Residents outside the United States and Canada will pay \$50.00 dues.

Last year it was reported that our petition to the IRS to change the Casualty Actuarial Society's tax exempt status from Section 501(c)(6) to Section 501(c)(3) was denied. If approved, the change would have allowed tax deductions to those making donations to the Casualty Actuarial Society. Since the denial, the IRS informed us that recently enacted law provides for judicial review of any adverse IRS rulings and determinations made after 1-1-76 relating to exemption qualification. We were told we could request reissuance of the adverse ruling and thus keep the issue alive. The request was made and the IRS has yet to reissue their ruling. We have not yet decided whether this matter is worth pursuing further.

Respectfully submitted,

Walter J. Fitzgibbon, Jr.
Treasurer