

Risk and Insurance
Management Society

ANNUAL REPORT

— 2018 —

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Letter From Leadership



Our members' footprint is global, opening opportunities for the exchange of ideas, cultures, business practices and solutions that transcend borders. Technology has fueled globalization, supporting new innovations, products and services. While the results of a truly global society are overwhelmingly positive, these advantages have raised consumer, government and public expectations and have unearthed new risks.

Businesses are expected to be proactive. Among many new and challenging developments, they are expected to effectively assess and implement cyber security strategies, brace for political change and uphold ethical and social standards.

The emphasis on meeting and exceeding newly set business standards has highlighted the exceptional value risk professionals deliver to their organizations. Global business executives are leaning on their risk management teams for enterprise-wide risk intelligence and business-enabling strategies.

And, to help navigate a sea of global challenges, risk professionals must have unmatched institutional knowledge; be highly-effective communicators; possess global qualifications; have regulatory awareness; and, a strategic and innovative mindset that supports technological change, organizational growth and profitability.

Throughout 2018, RIMS created pathways for the world's risk management community to meet and exceed these great expectations.

The Society continues to engage its global membership highlighted by an intense focus on risk management opportunities in India, China and the ASEAN region. In 2018, RIMS held its first RIMS Risk Management Forum China and RIMS Risk Forum India and will continue to explore more global networking opportunities into the future.

The RIMS-CRMP certification continues to gain global recognition as a professional mark of risk management excellence. RIMS introduced the RIMS-CRMP-FED microcredential for ERM professionals in the U.S. federal government sector, expanding the audience for RIMS' certification program.

Among many other accomplishments in 2018, the Society strengthened its Diversity & Inclusion focus, forming a task force to explore opportunities to ensure the Society remains welcoming and relevant to risk professionals from all backgrounds and experiences.

The true power of RIMS is its ability to connect members with their professional peers who have already guided their organizations through many difficult strategic decisions; who have seen the rewards of those efforts; and who have persevered through the many challenges that often follow those decisions. In addition to the industry-leading content, that exchange of knowledge continues to be an invaluable advantage only available through RIMS global network of more than 10,000 risk management professionals.

We would like to sincerely thank our volunteers and dedicated members for their contributions and unwavering commitment to achieving our shared vision for the future of risk management.

Sincerely,

Gloria Brosius

Gloria Brosius, RIMS-CRMP
2019 President
RIMS

Mary Roth

Mary Roth
Chief Executive Officer
RIMS

RIMS Board of Directors



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Gloria Brosius, RIMS-CRMP

Director, Risk Management and Insurance
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Ex-Officio
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Corporate Director, Risk Management and
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Senior Vice President, General Counsel & Chief
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Gary Nesbit, CPCU, CSP, ARM, AIC, ALCM, SPHR

Senior Director of Risk Management
Young Life



Robert Zhang

China Risk & Compliance Director
IKEA (China) Investment Co., Ltd.

About RIMS



As the preeminent organization dedicated to promoting the profession of risk management, RIMS, the risk management society*, is a global not-for-profit organization representing more than 3,500 industrial, service, nonprofit, charitable and government entities throughout the world. Founded in 1950, RIMS is committed to advancing risk management capabilities for organizational success, bringing networking, professional development and education opportunities to its membership of more than 10,000 risk management professionals who are located in more than 60 countries. For more information on RIMS, visit www.RIMS.org.

Mission and Goals

Mission

To educate, engage and advocate for the global risk community.

Strategic Goals

- Ensure a sustainable and adaptable organization
- Equip risk professionals globally to succeed in an evolving environment
- Enhance engagement with members and the broader risk community
- Expand RIMS influence worldwide

RIMS Standing Committees, Councils & Commissions

Annual Conference Programming
Audit and Compliance
Diversity & Inclusion Advisory
Exhibits Advisory
External Affairs
Finance
International
Member and Chapter Engagement
Nominating and Governance
RIMS Canada
RIMS-CRMP Certification
Standards and Practices
Strategic and Enterprise Risk Management
Student Advisory

Awards & Honors

Throughout the year, RIMS honors the commitment of its chapters and the risk profession's trailblazers. Below are the professionals and RIMS chapters that were recognized for their extraordinary contributions to the Society and risk management in 2018.



Harry and Dorothy Goodell Award

Ward Ching

Managing Director, Western Region
Aon Global Risk Consulting

RIMS most prestigious honor, the Harry and Dorothy Goodell Award, pays tribute to an individual who has furthered the goals of the Society and the risk management discipline through outstanding service and achievement. The award is named in honor of RIMS' first president, Harry Goodell.

Risk Manager of the Year

Rebecca F. Cady

Vice President and Chief Risk Officer
Children's National Medical Center

Risk Management Honor Roll

Sandy Aspinall, Jr.

Vice President of Global Risk Management
Comcast Corporation

Jennifer Hills

Director of the Office of Risk Management Services
Kings County (Washington)

Joseph Meaney, Jr.

Vice President of Global Insurance and Risk Engineering
The AES Corporation

Acquired by RIMS in 2017, The Risk Manager of the Year program – that includes the Risk Management Honor Roll – aims to raise the profile of the risk management profession and the outstanding programs practitioners have implemented within their organizations.

The Richard W. Bland Memorial Award

Terry Fleming

The Richard W. Bland Memorial Award was created by RIMS Kansas City Chapter in 1974 to recognize a member's dedicated commitment in the area of legislation or regulation.

Risk Management Hall of Fame 2018 Inductee

Berry Griffin

Co-founded by RIMS and AIG, the Risk Management Hall of Fame was established to maintain the history and tradition of the field of risk management. The honor serves as a means to commemorate those professionals who have made significant contributions to advancing the discipline.

RIMS Ambassadors Group

Andrew Bent

Risk Manager
The Sage Group PLC

Lori Seidenberg

Head of Global Real Assets Insurance
BlackRock, Inc.

The RIMS Ambassadors Group award recognizes individuals for their continued service with RIMS, going above and beyond to help strengthen and support the Society's strategic initiatives.

Awards & Honors (cont'd)

RIMS Rising Star Award

Lindsey Harris, Risk Manager, Dollar Tree Stores

Jaci Mennenga, Manager, Corporate Risk Management, COUNTRY Financial

Established in 2015, the RIMS Rising Star Award honors up-and-coming risk management professionals under the age of 35 or who have seven or less years of experience in the industry.

ERM Award of Distinction

Marathon Petroleum Corporation

Honorable Mentions:

City of Vancouver

Dallas Fort-Worth Airport

IBM

Presented annually at RIMS ERM Conference, the ERM Award of Distinction reviews the scope an organization's ERM program and how it engages different levels throughout the organization; the program's link or connection to the company's overall mission; and its ability to create additional value for the organization.

RIMS ERM Award of Distinction India

SBI Life Insurance

Presented annually at RIMS Risk Forum India, the award looks at Indian organizations' ERM programs. It reviews the programs link to the company's overall mission and its ability to create additional value for the organization.

2018 Spencer-RIMS Risk Management Challenge

First Place: **University of Wisconsin - Madison**

Second Place: **St. Joseph's University**

Third Place: **Nanyang Technological University (Singapore)**

In partnership with Spencer Educational Foundation Inc., teams comprising undergraduate risk management and insurance students compete by developing and presenting risk management strategies to a panel of judges at RIMS Annual Conference & Exhibition.

Donald M. Stuart Award

Michel Rodrigue

Director, Risk Management and Insurance
Cirque du Soleil

Created by RIMS Ontario Chapter in 1979, the award is granted annually to a Canadian risk professional to recognize outstanding contributions to the industry. The award is RIMS' highest honor for risk management in Canada and is presented at the RIMS Canada Conference.

Fred H. Bossons Award

Ann Maria Gillingham

Head of Risk

Vanguard Investments Canada

Each year, the Fred H. Bossons Award honors the risk management professional who earns the highest marks on the three courses required to receive the CRM designation.

Cristy Award

Peter Galvin

Risk Manager, Uline

The Cristy Award is presented to the risk professional who earns the highest cumulative average on the three exams for the Associate of Risk Management (ARM) designation.

The J.D. Power 2018 Large Commercial Insurance Study Award

Top Performing Insurer: **XL Catlin**

The annual study measures risk professionals' satisfaction with commercial insurers and insurance brokers.

RIMS Chapter Awards Program

RIMS Chapter Awards Program underwent a transformation in 2018. The longstanding Chapter Excellence Award and the Chapter Achievement Award programs were changed to the Enhancing Chapter Outcomes Awards Program (ECHO Awards). The newly structured chapter recognitions include a Chapter of the Year honor, as well as honors for chapters that have successfully aligned their programming with RIMS' strategic priorities to Innovate, Develop, Engage and Advocate for the global risk management community. The following chapter recipients received 2018 ECHO Awards:

- **RIMS Chapter of the Year** – RIMS Oregon Chapter
- **Innovation** – RIMS Minnesota Chapter
- **Resource Development** – RIMS Broward County Chapter
- **Engagement** – RIMS Chesapeake Chapter
- **Advocacy** – RIMS New York Chapter

Membership & Marketing



Additional Membership Categories

Following last year's launch of new membership categories to help make membership more accessible and inclusive for risk professionals around the world, RIMS continued its efforts to expand its member base.

In 2018, additional membership categories were added to further embrace risk professionals around the globe. These new categories are:

- Young Associate Member (for service providers age 25 and under)
- International Associate (for service providers physically located in Emerging Countries)

Recognizing that many risk professionals start their careers as service providers, RIMS introduced the Young Associate category to mirror the Young Professional category introduced last year. This now provides membership opportunities for recent graduates on both sides of the business.

Additionally, introduced the International Associate membership as the Society is continuing its global expansion efforts in regions such as India and China (where there is significantly lower per capita income). Providing access to RIMS membership for service providers in these regions is essential to sustaining global growth efforts.

New Chapters

In 2018, RIMS welcomed two new chapters. It's 79th chapter is located in Spokane, Washington. And, it's 80th chapter is the New Zealand and Pacific Islands Chapter. It was created with great support from the RIMS Australasia Chapter, which experienced exceptional participation from risk professionals residing in New Zealand.

Diversity and Inclusion

Under guidance from the RIMS Board of Directors, a Diversity and Inclusion Task Force was formed to identify relevant diversity and inclusion goals for the Society to pursue. The task force developed the following vision statement for RIMS and its community:

RIMS strives to provide a highly inclusive environment for all identity groups to thrive in the global risk community, and to facilitate and encourage open dialogue for a more inclusive and resilient future.

The task force also proposed the creation of a formal D&I Advisory Council, which will be reviewed by RIMS Board.



Membership & Marketing (cont'd)



The Next Generation

RIMS continued to host students at the Annual Conference from around the globe through its Anita Benedetti Student Involvement Program. Thirty-seven students, including six from outside of North America were given grants. Initiated as a pilot program at the 1978 RIMS Annual Conference, the program recognizes exceptional students involved in the study of risk management, and has grown into a differentiating part of the Annual Conference experience.

At the Annual Conference, RIMS hosted the annual Spencer-RIMS Risk Management Challenge. Eight university teams were invited to participate (narrowed down from 26 team submissions), and each team presented a risk management program to address a specific risk situation to a panel of judges. During the conference, the teams were narrowed down to three finalists and the winner was University of Wisconsin-Madison.

Delivering Member Value

In its efforts to provide member value on an on-going basis, RIMS launched new resources and produced multiple publications, executive reports and research studies for its global community of risk professionals. Highlights include:

- The launch of Mentor Match, a members-only platform available through Opis that connects those interested in being mentors with professionals seeking guidance from seasoned risk management leaders. Relationships can be built upon criteria including interests, specific topics, career level, geographic location, background, professional credentials and more.
- To help increase awareness of the substantial amount of content available to RIMS members, the Weekend Read newsletter was introduced in late 2018. As the risk professional community gets caught up on their “extra-curricular” reading during their weekends, the newsletter includes a brief highlight on select pieces of content meant to provide continuous access to topics of interest.
- Research studies/reports launched, including: 2018 RIMS Benchmark Survey, RIMS Marsh Excellence in Risk Management XV, State of Risk Management in India, Risk Management Benchmark in Latin America
- New Executive Reports/publications, including: A Guide to Cyber Insurance, ERM’s Wake-Up Call 10 Years After, Top Five Steps for Communicating with Executives, Top Six Legal Developments of 2018, and more

Opis, RIMS member-only online network, saw continued growth in 2018. At the close of the year, over 70 percent of RIMS members were regularly accessing the platform. Hundreds of discussions in its networking forum covered a broad range of risk management trends, best practices including insurance strategies, enterprise risk management, cyber related risks and more.

Strategic Initiatives

The Strategic Initiatives area undertakes to expand the value proposition for risk management as a critical business discipline in four key areas: global development, content development, standards and practices and strategic enterprise risk management practices.



Content Development

RIMS' cross-functional content team conducts investigative research in developing engaging and relevant program content and identify emerging and popular topics and risk management trends.

Reports, Articles and Webcasts 2018

Members of the content team launched a re-imagined "RIMScast" podcast series in September. The content team collectively produced 13 whitepapers/studies that resulted in nearly 2,000 downloads, as well as hard copy that reached hundreds more. Additionally, the team produced 17 articles/blog entries and 21 podcast episodes (1,500 unique downloads by EOY), including seven Q&A's with successful risk management professionals who shared their organizations' ERM journeys and 18 webcasts (2,463 registrants) on various topics, archived on RIMS website. Tools and templates added to the SERM Resource Center in 2018 included eight Q&A interviews and six risk management organization charts.

RIMS 2018 ERM Conference

Focusing on the value that enterprise risk management can provide, the eighth annual RIMS ERM Conference program in Montreal, Québec was structured to provide participants with unique opportunities for learning and networking in an interactive environment. The two-day ERM Conference featured a thought-provoking keynote by Martin Vilsoe of Implement Consulting entitled, *ERM Fight Club*. Presentations are available on RIMS website and in the RIMS Events app. Organizations were recognized for achieving Advanced Risk Maturity levels. Students from Butler, Florida State University, Georgia State University, Miami University, Olivet College, St. John's University, St. Joseph's University, St. Mary's University, Temple University, the University of Georgia and the University of Wisconsin-Madison participated in the conference through a grant from the Spencer Educational Foundation. Marathon Petroleum received the ERM Award of Distinction. IBM, Dallas Fort Worth Airport and the City of Vancouver received honorable mentions.

Strategic Initiatives was also instrumental in producing the programming for the Risk Forum Latin America, NeXtGen Forum, the Cyber Forum and the Risk Forum India.

RIMS Risk Summits 2018

RIMS held five RIMS risk summits in 2018 for risk executives. Summit participation is limited to 20 attendees each to foster sharing and interaction. Keynotes by Dr. Paul Walker of St. Johns University, centered the full-day sessions, that explored the strategic decisions featuring of separate well-known companies. Summits were held in:

- New York City (June, featuring a case study with Estee Lauder)
- Chicago (July, featuring a case study with Walgreens Boots Alliance)
- Mumbai (facilitated by Praveen Gupta)
- San Francisco (October, hosted by and featuring a case study with Oracle) and
- Houston (December, hosted by and featuring a case study with Occidental Petroleum)

Standards Development

In 2018, the ISO Technical Committee 262 finalized and published the ISO 31000 revision. RIMS worked with the chair and other committee members on a new strategy document and a draft implementation guide. At ANSI's request, the Society prepared and delivered a two-hour presentation on risk management in the U.S. and on the U.S. TAG activities in a September meeting at ANSI's office in Washington D.C. An Indonesian delegation sponsored by BSN (ANSI's counterpart standards organization) and CRMS, a professional risk management association based in Indonesia joined the presentation. Finally, RIMS formally applied for and received liaison status for the Society on the ISO 309 technical committee on governance of organizations.

Strategic and Enterprise Risk Management Practices

In 2018, the ERM Committee and the Strategic Risk Management Development Council combined to form a new council. The newly formed group delivered blog and magazine articles on the revisions to the ISO 31000 standard and COSO ERM framework. And, members of the Strategic and Enterprise Risk Management Council successfully delivered four content pieces: *ERM: 10 Years After Executive Report*, *Making Sense of Artificial Intelligence and Its Impact on Risk Management Professional Report*, *Identifying and Evaluating Emerging Risk Executive Report*, and a webcast on risk taking vs. risk managing.

Global Development



Formed in mid-2016, RIMS global development team is charged with leading the expansion of RIMS service delivery and influence globally. In identifying strategic opportunities in the international arena aligned with RIMS' mission and strategic goals, the team explores and assesses targeted stakeholder needs and opportunities that are intended to boost membership development and revenue growth, in addition to fostering greater customer and member engagement worldwide.

Continuing the implementation of the RIMS Global Development Strategic Plan, the global development team built additional relationships in focused countries to showcase RIMS, and its mission and capabilities to local risk management communities.

In Singapore, RIMS completed its registration, and hired a local consultant to represent RIMS in the ASEAN region. RIMS also partnered with Nanyang Technological University to deliver the inaugural RIMS-CRMP preparation course to the local professionals. Twenty members of the Singapore Ministry of Homeland Affairs joined RIMS as Professional Members.

RIMS formed regional advisory group in Mainland China. This is in addition to the regional advisory groups formed in Singapore and in India back in 2017.

The Society also built a strong relationship with Insurance Authority of Hong Kong and had the opportunity to present at the IAHK High-level symposium on the integration of industry and finance and risk prevention. This important relationship supports participation in IAHK's goal to build Hong Kong into a regional risk management center. The relationship led to the development of a Hang Seng University's RIMS-CRMP training course.

RIMS hosted the first-ever RIMS Risk Forum India to great success with 14 sessions and 100 dedicated risk professionals to discuss the emergence of risk management in India. The speakers at the Forum represented leading executives from the country's risk management industry including SBI Life Insurance Company, Infosys, Mahindra & Mahindra, Tata AIG, Tata Consulting Engineers, HDFC Bank, EY, PWC, Lloyds, Allianz, Sun Pharmaceuticals and Marsh India. At the Forum, RIMS released the "State of Risk Management in India," a joint effort of Marsh India and RIMS. The Forum also awarded the inaugural RIMS ERM Award of Distinction India to SBI Life Insurance – received by Mr. NKV Roopkumar on behalf of the company. The Forum also highlighted the relationships RIMS has built in India with Memorandum of Understanding signed with BIMTECH University, Institute of Directors India, and Risk Management Association of India.

In 2018, RIMS also hosted two invitation-only Summits in Mumbai – at the JB Boda office in February 2018 and the PWC office in September 2018. The discussions focused on the state of risk management in India and reputational risk in the Indian context. We also inaugurated a "RIMS Corner" at BIMTECH, New Delhi, featuring RIMS publications.

Six Anita Benedetti Student Involvement Program winners attended RIMS Annual Conference from India, China, and Colombia, and teams from Nanyang Technological University in Singapore and Peking University in China participated in the Spencer-RIMS 2018 Risk Management Challenge as finalists.

Events & Education



Events

RIMS hosted more than 9,300 guests at its 56th Annual Conference & Exhibition in San Antonio, Texas. RIMS 2018 offered attendees from more than 70 countries the opportunity to take advantage of more than 160 education sessions. With more than 400 exhibiting companies, the exhibit hall offered attendees new solutions and partners. RIMS 2018 also offered new experience enhancements. It featured a new, immersive education experience that was called “Innovation Hub.” The event received wide recognition for its innovative experiences, most notably for the opening party.

Launched in 1963, RIMS Annual Conference & Exhibition attracts nearly 10,000 risk and insurance professionals each year at all experience levels, business executives with risk management interests, brokers, insurers and service providers for the ultimate educational and networking experience. The four-day event offers keynote presentations, special events and an expansive Marketplace (Exhibit Hall).

RIMS ERM Conference 2018 was held in October in Montreal and attracted more than 300 risk professionals. The conference explored best practices for implementing and sustaining enterprise-wide risk management programs, as well as strategies for risk professionals to demonstrate the value of enhanced risk management capabilities to senior level decision-makers.

The events and education team continued to engage the global risk community by holding successful events in Mexico City and Mumbai. The global forums continue to grow and help position the Society as *the* global risk management society. Risk Forums are intended to increase brand awareness and provide regionally specific risk management education to new markets. The forums were supported by local members and sponsors, and attended by President Robert Cartwright, Jr.

Education

In 2018, RIMS education team continued its mission to modernize education products and continued to promote the new platform “Opis-Ed,” an online platform that now has over 4,100 registered users that are both members and non-members. Opis-Ed houses 210 event presentations, 13 classes, 19 presentations, and eight events. We created and delivered a new online learning series, “Financial Risk Management Fundamentals.” The online series attracted 100 attendees, and it is now hosted as online course on the Opis-Ed platform.

RIMS conducted 18 webinars in 2018, covering a variety of topics ranging from climate change to COSO to data analytics. The RIMS webinars range in attendance from 50 to 475 attendees. In 2018, three of the webinars were sponsored, and one was delivered in Spanish to promote the RIMS-CRMP certification.

In 2018, the Society offered 23 in-person workshops with more than 180 risk practitioners in attendance. Overall, the feedback on attendee surveys was positive and attendees valued the interactive, networking environment of our workshops. New workshops for the RIMS-CRMP and RIMS-CRMP-FED were created and delivered in 2018.

The Education department created a new product called “Learning Labs.” Learning Labs are free to members and are hosted by chapters. In 2018, the Society delivered eight labs across the U.S. and Canada.

RIMS-CRMP Certification



RIMS-Certified Risk Management Professional certification (RIMS-CRMP) is a global certification that demonstrates achievement of risk management competencies, knowledge and commitment to quality, continuous learning. It is a globally recognized credential that:

- Validates specialized knowledge
- Indicates professional growth
- Provides evidence of professional commitment
- Enhances feeling of personal accomplishment

At the end of 2018, RIMS had 266 RIMS-CRMP holders in 14 countries around the world. While the majority of our certification holders are in the US and Canada, we have certification holders in Aruba, Brazil, China, Dubai, France, India, Italy, Jordan, Panama, South Africa, Malaysia, and the UK and our reach will continue to grow in 2019.

RIMS-CRMP Global Opportunities

The opportunity for risk professionals around the world to attain a RIMS-CRMP has become easier with three universities in three different countries offering the certification's first exam preparatory courses. RIMS has entered into a relationship with Nanyang Technological University in Singapore, University of Toronto and Yeshiva University in New York. All three universities are now offering RIMS-CRMP exam preparatory courses.

The Society is also developing relationships with other universities and course providers in the U.S., Canada, India, China, Singapore and Latin America to develop a RIMS-CRMP courses. By supporting the

universities through the development and implementation processes, RIMS aims to provide the world's risk management community with advantages to excel professionally. The courses will align with the five domains tested on the RIMS-CRMP exam.

RIMS-CRMP-FED

RIMS and the Association for Federal Enterprise Risk Management (AFERM) welcomed the first class of 65 RIMS-CRMP-FED credential holders at the AFERM Annual Summit in Washington, D.C.

The new credential was developed in response to the Office of Management and Budget Circular A-123 that urges Federal agencies to implement enterprise risk management to enhance decision-making. RIMS administered a pilot exam on September 29th and, beginning in 2019, RIMS-CRMP-FED testing will be available online.

With the RIMS-CRMP-FED, enterprise risk management professionals working in the Federal government can proudly confirm their specialized skillset and deliver pertinent information that facilitates confident decision-making.

Government Affairs



In 2018, RIMS urged Congress to reauthorize the National Flood Insurance Program. Over 30 meetings with Members of Congress and their staff were held with RIMS members to discuss this issue in-depth. Other issues supported included legislation to curb frivolous ADA lawsuits on business owners, as well as legislation to standardize a reporting system for cyber breach.

A successful Legislative Summit was held in Washington D.C. September 12-13, 2018. More than 30 RIMS members attended from 14 states to lobby their members of Congress on RIMS legislative priorities. Attendees met with more than 60 House and Senate offices during their Congressional visits, with the primary focus on a reauthorized NFIP.

At the state level, a successful legislative event was held in Sacramento, California in March.

In April, the RISK PAC held its annual fundraising reception at the RIMS Annual Conference & Exhibition in San Antonio, Texas.



Publications

The Publications department continued its mission to produce industry-leading information and analysis for RIMS members and the risk management community, both in print and digitally.



Throughout 2018, *Risk Management* magazine covered a variety of topics for its nearly 20,000 subscribers, with articles on cybersecurity, enterprise risk management, disaster preparedness, political risk, supply chain concerns, diversity and inclusion, and emerging technology risks, as well as a special edition devoted to the Risk Manager of the Year awards. In addition, RIMS published online exclusive content on RMmagazine.com to provide readers with another way to interact with the publication and risk management community, while the magazine's official blog, the Risk Management Monitor, continued to be a popular resource for the latest risk management news and analysis, featuring posts from RIMS staff and industry experts.

In recognition of the magazine's high quality, the editorial and design staff were honored with eight 2018 Azbee Awards of Excellence by the American Society of Business Publications Editors (ASBPE) for editorial content and article and cover layout and design. ASBPE's Azbee Awards of Excellence program is one of the most competitive honors for business-to-business, trade, association and professional publications.

The department also produced a number of white papers and reports in conjunction with various RIMS departments and committees to showcase the society's expertise, including papers on cybersecurity and cyber insurance, improving communication with the C-suite and board, regulatory and legal developments, and enterprise risk management.

RIMScast, the new RIMS podcast, also debuted in 2018 with weekly episodes resulting in approximately 1,500 downloads.

Finally, in collaboration with the RIMS Canada Council, the department produced three seasonal RIMS Canada Council newsletters.

Information Technology

In 2018, RIMS Information Technology team (IT) continued its efforts to create a technologically sophisticated and relevant Society for staff and the global risk management community. IT's achievements are integral to RIMS' ability to deliver dynamic services, leverage critical data and maintain leading cybersecurity practices.



1407 Broadway

One of the biggest undertakings by IT this year was the relocation of RIMS headquarters. Moving to the new 1407 Broadway, New York, New York address, required careful coordination between staff, building management of both the vacating and new locations, hardware, server and switch relocation and installation, as well as the management of third-party technology vendors. RIMS officially opened the doors to its new headquarters on June 4, 2018.

Website Redesign

RIMS Board of Directors approved plans to initiate the redesign of the RIMS.org website. Slated to launch in 2019, IT successfully entered into a contract with a web design consultant and developed the framework for a multi-phase approach. The first phase of the redesign will include updates to the landing page, the hundreds of pages supported within the site and the site management system. Later phases will include customization features and chapter websites. Ultimately, the goal is to develop a RIMS.org website with improved functionality, streamlined navigation that effectively highlights the Society's most valuable and desirable resources and content.

Staying Current

IT conducted an overhaul of the Society's server system that included updates to the most current 2016 internal and intranet server versions. The latest versions will enhance the server system's performance, expand data capacity and possess enhanced security features.

Additionally, IT researched and implemented alternative solutions for RIMS' mi-fi units, strengthening the Society's business continuity protections.

Membership

The risk management profession continues to evolve, and, as such, RIMS identified opportunities to better support its community with updates to its membership categories and structure.

To support changes to RIMS membership categories, IT successfully facilitated updates to NetFORUM that now accounts for the new member types. The membership renaming initiative included the following: "Corporate" to "Organizational" membership, "Deputy" to

"Professional" and "Affiliate" to "Transitional." With these changes, IT developed new registration, record management and invoicing processes. Similar updates were administered upon the introduction of the "Young Associate Membership" category.

IT also rewrote the Chapter Directory and the Manage Organization Application. The new streamlined directory offers a more user-friendly interface, giving members direct access to their local chapter. The Manage Organization Application allows staff to edit and organize member records.

Content

RIMS Benchmark Survey continues to provide risk professionals with valuable information about the Total Cost of Risk (TCOR) that allows them to model and assess their organizations' current risk management spend. IT designed a new web application, improving data collection and optimizing the survey process.

Another initiative that supported the delivery of risk management content was IT's development of RIMS Digital Publications resource. RIMS Digital Publications page was a new RIMS Annual Conference & Exhibition sponsorship opportunity that featured both internal and external risk management resources accessible via RIMS mobile application.

Data & Security

Finally, the integration and implementation of new technologies presents new challenges and risks. Data collection, analysis, storage and the protection of sensitive information remains a high priority for RIMS.

Some of these projects included new Cisco UCS blade servers, installing two new Windows 2016 domain controllers, as well as a Domain Key Authentication to address spoofing, authentication and other security concerns.

To ensure the security of hardware, IT constructed new DHCP scopes to separate users, servers, workstations, wireless devices and servers, allowing them to pinpoint incidents, as well as upgrading tracking services to more efficiently monitor assets.

Treasurer's Report 2018

The following commentary highlights the December 31, 2018 audited financial statements of the Risk and Insurance Management Society, Inc. (RIMS) and Subsidiary.

Consolidated Balance Sheet

- Net assets (retained earnings/reserves) at the end of 2018 were \$12,523,829, which represented a \$2,791,766 decrease from the end of 2017.
- As of 12/31/18, investments were down \$3,149,871 due to a net loss of \$1,103,579 and reserve dollars withdrawn for board funded strategic initiatives. The market sell-off in December of 2018 was the worst since 1931.
- Deferred conference revenue decreased by \$187,914 in 2018, the difference is due to timing of vendor payments for RIMS 2019 Annual Conference exhibits and sponsorships.
- Fixed Assets increased by \$489,047 due to additional property, equipment and intangible assets due to the RIMS office move.
- Accounts payable and accrued expenses increased by \$342,174 due to year-end accrual and timing of payments.

Consolidated Statements of Revenues and Expenses

Total Revenues excluding investments decreased by \$1,055,541

- Revenue from all RIMS events decreased by \$242,277 with the RIMS Annual Conference and Exhibition representing \$9,285,903 of the total events revenue.
 - » RIMS 2018 Annual Conference & Exhibition saw:
 - » Registration revenue increase by \$2,159
 - » Exhibition revenue increase by \$252,984
 - » Sponsorship revenue decrease by \$340,559
 - » International Risk Forums revenue decreased by \$162,159 due to RIMS hosting fewer events than in 2017.
- Membership dues decreased by \$476,284, which was mainly driven by an adjustment made at the end of 2017 recognizing deferred associate membership dues revenue for prior years of \$346,000.
- RIMS Canada Council revenue decreased by \$115,000 due to a reduction in earned conference revenue from prior year and an increase in foreign currency exchange fees.
- GRMI revenue decreased by \$139,000 as a result of the elimination of GRMI dues in 2018.
- Publication revenue decreased by \$100K, which was the result of a member subscription revenue overstatement of \$74,000 in 2017.
- Advertising revenue increased by \$70,871 due to stronger sales in both the print and digital products.

Program Expenses increased by \$88,910

- Increase in expenditures is directly related to an increase investment in education and certification, as well as other programs such as conferences, publications, government affairs, global development, and membership.

Supporting Services Expenses increased by \$929,370

- Supporting Services includes General and Administration, Information Technology, Finance and Accounting, and Membership Recruitment and Retention.
- Some of the increases were related to the office move such as rent, IT equipment, maintenance and depreciation of fixed assets. There were additional increases in bank and credit card processing fees, human resources expenses, and board leadership expenses. These increases are considered overhead for the organization.

Consolidated Statements of Cash Flows

- The significant changes from 2017 to 2018 on this schedule have been discussed above.

RIMS pledges to provide timely and innovative information, education, content, networking and advocacy to its members. The efforts of all the staff and volunteers who contribute every day to the success of this organization are greatly appreciated.

Respectfully submitted,

Laura Langone
RIMS Treasurer



Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Financial Statements
and Supplementary Information
Year Ended December 31, 2018

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2018

Risk and Insurance Management Society, Inc. and Affiliate

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Independent Auditor's Report

To the Board of Directors of
Risk and Insurance Management Society, Inc. and Affiliate
New York, New York

We have audited the accompanying consolidated financial statements of Risk and Insurance Management Society, Inc. and Affiliate (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Risk and Insurance Management Society, Inc. and Affiliate, Inc. as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of operational revenues, expenses and change in net assets, consolidating schedule of financial position and schedule of activities on pages 22, 23, and 24 are presented for purpose of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and to other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

Information for the year ended December 31, 2017 is presented for comparative purposes only and was extracted from the consolidated financial statements of Risk and Insurance Management Society, Inc. and Affiliate for that year, on which we expressed an unmodified opinion dated April 14, 2018.

BDO USA, LLP

May 13, 2019

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Financial Position (with comparative totals for 2017)

December 31,	2018	2017
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 2,985,912	\$ 2,762,311
Investments at fair value (Note 5)	12,792,440	15,942,310
Advertising receivables (Note 3)	190,289	139,121
Other receivables, net of allowance for doubtful accounts of \$30,000 for 2018 and 2017, respectively (Note 3)	673,309	666,356
Prepaid conference expenses	515,773	581,424
Other current assets	913,393	846,720
Total Current Assets	18,071,116	20,938,242
Assets Limited as to Use (Note 9)	136,777	136,777
Investments Held for Chapters	60,230	62,292
Property and Equipment, Net (Note 6)	848,002	443,570
Intangible Asset	502,636	418,021
	\$ 19,618,761	\$ 21,998,902
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 673,965	\$ 366,623
Accrued payroll and related benefits	625,530	575,113
Contributions payable to affiliate - current portion (Note 7)	-	150,000
Deferred conference revenue (Note 3)	3,736,940	3,924,854
Deferred dues revenue	1,409,158	1,400,759
Other deferred revenue	34,677	117,318
Deferred rent, current portion	-	86,369
Total Current Liabilities	6,480,270	6,621,036
Deferred Rent, net of current portion	554,430	-
Liability for Chapter Investments	60,230	62,292
Total Liabilities	7,094,930	6,683,328
Commitments and Contingencies (Notes 8 and 9)		
Net Assets		
Without donor restrictions	12,523,831	15,315,574
	\$ 19,618,761	\$ 21,998,902

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Activities (with comparative totals for 2017)

<i>Year ended December 31,</i>	2018	2017
	(Without Donor Restrictions)	
Revenues, Gains and Other Support		
Conferences	\$ 9,841,379	\$ 10,083,651
Membership dues	2,265,369	2,741,318
Advertising	937,569	935,198
Publications	760,928	867,426
Membership and chapter services	233,019	407,867
Education, certification, and GRMI	699,997	805,218
Other revenue	659,552	612,676
Investment income (loss), net	(1,103,579)	2,247,312
Total Revenues, Gains and Other Support	14,294,234	18,700,666
Expenses		
Program services:		
Conferences	4,260,634	4,485,793
Publications	941,523	884,998
Education, certification, and GRMI	943,979	830,531
Marketing and communications	1,739,107	1,608,482
Client services	332,554	404,519
Government affairs	386,334	366,017
Strategic initiatives	935,864	870,745
Total Program Services	9,539,995	9,451,085
Supporting services:		
General and administration, finance, and IT	7,009,245	6,035,100
Membership, recruitment, and retention	522,356	567,131
Total Supporting Services	7,531,601	6,602,231
Total Expenses	17,071,596	16,053,316
Change in Net Assets Before Foreign Currency Exchange Loss	(2,777,362)	2,647,350
Foreign Currency Exchange Loss (Notes 11 and 12)	(14,381)	(15,786)
Change in Net Assets	(2,791,743)	2,631,564
Net Assets, beginning of year	15,315,574	12,684,010
Net Assets, end of year	\$ 12,523,831	\$ 15,315,574

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Consolidated Statement of Cash Flows (with comparative totals for 2017)

Year ended December 31,	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (2,791,743)	\$ 2,631,564
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	296,150	477,726
Loss on disposal of fixed assets	108,016	-
Provision for bad debt	48,413	55,173
Realized gain on investments	(398,971)	(843,288)
Unrealized gain on investments	1,742,013	(1,134,838)
(Increase) decrease in assets:		
Advertising receivables	(51,168)	89,271
Other receivables	(55,366)	(460,158)
Prepaid conference expenses	65,651	1,788
Other current assets	(66,673)	(545,737)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	307,342	(160,697)
Accrued payroll and related benefits	50,417	(7,859)
Contributions payable to affiliate	(150,000)	(150,000)
Deferred conference revenue	(187,914)	267,119
Deferred dues revenue	8,399	(334,408)
Other deferred revenue	(82,641)	45,617
Deferred rent	468,061	(148,063)
Net Cash Used in Operating Activities	(690,014)	(216,790)
Cash Flows from Investing Activities		
Purchases of investments	(13,769,418)	(13,702,446)
Proceeds from sale of investments	15,576,246	14,579,828
Purchases of property and equipment	(808,598)	(53,845)
Purchase of Intangible asset	(84,615)	(103,830)
Net Cash Provided by Investing Activities	913,615	719,707
Net Increase in Cash and Cash Equivalents	223,601	502,917
Cash and Cash Equivalents, beginning of year	2,762,311	2,259,394
Cash and Cash Equivalents, end of year	\$ 2,985,912	\$ 2,762,311

See accompanying notes to consolidated financial statements.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Description of the Organization

Risk and Insurance Management Society, Inc. (RIMS) is a non-profit organization dedicated to advancing professional standards of risk management. RIMS is the world's largest association for risk management, representing more than 3,600 industrial, service, not-for-profit, charitable and governmental entities. RIMS serves 10,000 individuals responsible for the risk management function in 82 chapters across the United States, Canada, Peru, Australia and Japan.

Global Risk Management Institute, Inc. (GRMI), a related organization, was incorporated in 1999 to engage in activities that support and encourage the advancement of the study of subjects related to risk management and increase the qualifications of risk management professionals across businesses and industries. GRMI administers the RIMS Fellow® (RF) and the Canadian Risk Management® (CRM) designations.

During 2011, RIMS assisted in the establishment of the RISK PAC. The RISK PAC was established to educate U.S. congressional candidates and lawmakers about the practice of risk management and to make contributions to candidates for federal office. The RISK PAC trustees are separate from the trustees of RIMS, and RIMS does not directly control the RISK PAC. Accordingly, the operations of the RISK PAC have not been included in the financial statements of RIMS.

2. Principles of Consolidation

The consolidated financial statements include the accounts of RIMS and GRMI (hereafter referred to collectively as the Organization). All intercompany transactions and balances have been eliminated in consolidation.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). Management of the Organization makes estimates and judgments in preparing financial statements in accordance with such accounting principles. Those estimates and judgments affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results may vary from the reported results.

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets - with donor restrictions and without donor restrictions - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or other removed by actions of the Organization are classified as net assets with donor restrictions- perpetual in nature. The Organization had no net assets with donor restrictions as of December 31, 2018.

Without Donor Restrictions - This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

Cash and Cash Equivalents

Cash and cash equivalents include operating cash accounts, petty cash and highly liquid short-term instruments with original maturities of three months or less, except money market funds held for long-term investment purposes.

Advertising Receivables

Advertising receivables represent amounts due from clients for advertisements placed in The Risk Management Magazine, as well as on the RIMS website, and are due under normal trade terms from these clients. Senior management reviews accounts receivable on a regular basis to determine if any receivables will potentially be uncollectible. Any balances that are determined to be uncollectible are included in the allowance for doubtful accounts. Any subsequent write-offs are made directly against the allowance.

Allowance for Doubtful Accounts

The Organization fully provides an allowance for doubtful accounts for accounts receivable specifically identified by management for which collectability is uncertain. For 2018, the allowance for doubtful accounts was \$30,000.

Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the evaluation of the asset or liability and their placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP as follows:

Level 1 - Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Investment Income

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Investments of the Organization are valued at fair value in the statement of financial position. Unrealized gains and losses, interest and dividends and realized gains are included in the statement of activities as part of net investment income. Net investment income is net of direct external investment expenses. The Organization had no internal investment expenses for the year ended December 31, 2018.

Property and Equipment

Property and equipment are reported at historical cost. The Organization depreciates property and equipment using the straight-line method (half-year convention in the year of acquisition or placement into service) over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. As of December 31, 2018, there have been no such losses.

The estimated useful lives of the assets are as follows:

	Estimated Useful Lives
Computer software	4-7 years
Furniture and office equipment	7 years
Computer hardware	3-4 years

Leasehold improvements are amortized over the term of the lease or the life of the improvement, whichever is less. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. It is the Organization's policy to capitalize fixed asset purchases in excess of \$1,000.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Indefinite-Lived Intangible Assets

RIMS owns trademarks with an indefinite useful life. The Trademark's carrying amount is tested for impairment in accordance with Accounting Standards Codification (ASC) 350, "Intangibles-Goodwill and Other," or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the indefinite-lived intangible asset with its carrying amount. If the carrying amount of the indefinite-lived intangible asset exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess. There were no impairment losses recognized in 2018.

Deferred Revenue

Deferred revenue consists of membership dues, professional development, magazine subscriptions, conference attendance, sponsorships and exhibit fee received in advance. Revenue related to membership dues is recognized over the membership period. Revenue related to magazine subscriptions is recognized over the related subscription period. Revenue and related expenses applicable to the conference, professional development and exhibits are recognized in the financial period when the event is held.

Deferred Rent

A deferred rent liability has been recorded to reflect the benefit of lease incentives included in the office space lease. The benefits of these incentives, including free rent and a tenant improvement allowance, will be recognized equally over the term of the lease.

Income Taxes

RIMS is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code (the Code). RIMS is subject to tax on its net revenue from unrelated business income from mailing list rentals and advertising. RIMS Canada Council, formerly the Canadian Risk Management Council, a program of RIMS, is exempt from tax under Canadian tax laws.

GRMI has qualified as a charitable organization which is exempt from tax under Section 501(c)(3) of the Code and, therefore, has made no provisions for income taxes in the accompanying consolidated financial statements. GRMI has been determined by the Internal Revenue Service (IRS) to not be a "private organization" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the year ended December 31, 2018.

Under ASC 740, "Income Taxes," an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2018, there were no interest or penalties recorded or included in the statement of activities. The Organization is subject to routine audits by a taxing authority. As of December 31, 2018, the Organization was not subject to any examination by a taxing authority.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Revenue Recognition

Membership dues are recorded as revenue during the applicable membership period. The portion of such dues which has not been recognized represents the deferred revenue balance at year-end. No portion of such dues is allocated to subscription revenues in the financial statements. Advertising revenues and conference revenues are recorded as revenue when the applicable publications are issued, or conference has occurred.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk Concentration

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents, and investments held at financial institutions that management deems to be creditworthy. At times and at year-end, the Organization's operating cash account materially exceeded the federally insured limit. Investments are subject to market fluctuations and principal is not guaranteed. These financial institutions have strong credit ratings and management believes credit risks related to these deposits are minimal.

Methods Used for Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in Note 13 of the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain categories of expenses that are attributable to one or more program or supporting functions of RIMS. Those expenses include depreciation and amortization, the CEO's office, telephone expenses, personnel costs and general third-party processing expenses, and the information technology department. Although these expenses are attributable to more than one function, these expenses are captured within the management and general function of the summarization of functional expenses and are not allocated to RIMS's programmatic functions for financial reporting purposes.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the statement of financial position, statement of activities and statement of cash flows, the prior-year amounts are presented on a consolidated basis rather than by affiliate. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Recently Adopted Accounting Pronouncement

Financial Statements of Not for Profits

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14 to improve the presentation of financial statements of not-for-profit entities. ASU 2016-14 impacts all not-for-profit entities in the scope of Topic 958, as well as health care entities subject to the nonprofit guidance in Topic 954. This is the first major change to the nonprofit financial statement model in over 20 years, which is intended to provide more useful information to donors, grantors, and other users. The ASU has been applied retrospectively to all periods presented.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Accounting Pronouncements Issued but Not Yet Adopted

Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14, which deferred the effective date for the Council until annual periods beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on its financial statements.

Accounting for Leases

On February 25, 2016, the FASB issued ASU 2016-02, "Leases," which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal years beginning after December 15, 2019 and the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02.

4. Liquidity and Availability of Resources

RIMS's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

December 31, 2018

Cash and cash equivalents	\$	2,985,912
Investments, at fair value		12,792,440
Advertising receivables		190,849
Accounts receivable, net		673,309
Resources Available for General Expenditures	\$	16,642,510

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

As part of RIMS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, RIMS keeps cash in excess of daily requirements in interest-bearing cash and cash equivalents accounts. Investments, further discussed in Note 5, include money market funds, publicly traded partnerships, and foreign and domestic publicly traded mutual funds, all of which can be liquidated within 12 months.

5. Investments and Fair Value Measurements

The following tables show, by level within the fair value hierarchy, the Organization's financial assets that are accounted for at fair value on a recurring basis as of December 31, 2018. The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels. There were no transfers between levels during the year ended December 31, 2018.

December 31, 2018

Description	Fair Value Measurement at Reporting Date Using			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market funds	\$ 557,607	\$ -	\$ -	\$ 557,607
Publicly-traded partnerships	563,078	-	-	563,078
Domestic equity mutual funds	6,186,190	-	-	6,186,190
International equity mutual funds	2,743,089	-	-	2,743,089
Fixed-income mutual funds	2,742,476	-	-	2,742,476
	\$ 12,792,440	\$ -	\$ -	\$ 12,792,440

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with U.S. GAAP as discussed in Note 2. A description of the valuation techniques applied to the Organization's major categories of assets measured at fair value are as follows:

Money Market Funds

Money market funds are valued at cost, which approximates fair value due to the short-term maturity of the instruments.

Publicly Traded Partnerships

The Organization's holdings in publicly traded partnerships are determined by quoted market prices. These investments can be liquidated daily. The valuation of these investments is based on Level 1 inputs within the hierarchy used in measuring fair value.

Risk and Insurance Management Society, Inc. and Affiliate

Notes to Consolidated Financial Statements

Mutual Funds

The Organization has investments in mutual funds, which are invested primarily in investment-grade bonds and equity securities. For these investments, the Organization has ownership interest in the mutual fund but not in the individual securities held by the fund. The assets of each mutual fund consist primarily of shares of the underlying holdings. Each mutual fund's net asset value (NAV) is the value of a single share which is actively traded on national securities exchanges. The mutual funds are valued on a daily basis at the close of business day. These funds are valued primarily on the basis of market quotation or on the basis of information furnished by a nationally recognized pricing service based on observable market data and are classified as Level 1 within the fair value hierarchy.

6. Property and Equipment, Net

Property and equipment, net consists of the following:

December 31, 2018

Leasehold improvements	\$	252,931
Computer software		2,823,042
Furniture and office equipment		1,173,672
Computer hardware		1,140,356
		5,390,001
Less: accumulated depreciation and amortization		(4,541,999)
	\$	848,002

Depreciation and amortization expense was \$296,150 in 2018. During 2018, as a result of its change in office space, RIMS incurred losses related to the disposal of leasehold improvements totaling \$108,016.

7. Related-Party Transactions

RIMS provides office space and administrative services to Spencer Educational Foundation, Inc. (the Foundation), an affiliated organization, for which it receives administrative fees. The fees from the Foundation amounted to \$462,147 in 2018. The fees are included in other revenue on the consolidated statement of activities. The Foundation had no amounts due to RIMS at the end of 2018.

During 2016, the Board of Directors of RIMS approved a \$450,000 multi-year pledge to the Foundation. The pledge was payable over a three-year period. The final payment of \$150,000 was made during 2018.

8. Pension Plan

RIMS has a defined contribution 401(k) profit sharing plan (the Plan) that covers all employees who have attained the age of 21 and have completed at least sixty days of service. The Plan matches up to 50% of the participant's first 4% of salary. In addition, during 2018, RIMS made a safe-harbor contribution of 4% of staff's compensation each payroll period and may make a discretionary profit

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sharing contribution to the Plan at the end of each plan year. For 2018, discretionary contributions of 2% of staff's compensation were approved and will be paid in 2019. Expenses for this Plan amounted to \$438,723 for the year ended December 31, 2018.

9. Commitments and Contingencies

During 2018, RIMS entered into a new lease agreement for office space. The rental agreement is for fifteen years and eight months, effective November 1, 2018, with future commitments as follows:

Year ending December 31,

2019	\$	789,968
2020		789,968
2021		789,968
2022		789,968
2023		843,488
Thereafter		8,763,500
Total	\$	12,766,860

As part of the new lease, RIMS was required to provide a security deposit and prepaid rent totaling \$440,949, which is included in other assets of the consolidated statement of financial position.

Rent expense for office space, including escalation and maintenance charges, was \$1,039,469 for the year ended December 31, 2018.

RIMS has entered into various contracts for future conferences and events. Due to the nature of these contracts, it is impractical to estimate the total commitment.

10. Description of Programs and Supporting Services

Conferences

This department is responsible for the planning and production of RIMS Annual Conference & Exhibition, RIMS ERM Conference, RIMS Risk Summits and RIMS Risk Forums. RIMS Annual Conference & Exhibition is the definitive event for risk professionals, attracting approximately 10,000 risk professionals (member, non-members and exhibitors) worldwide. This prestigious event offers its attendees the widest range of educational programs, networking opportunities and communications of significant happenings that impact risk management.

Publications

Risk Management magazine is RIMS's flagship publication. It is produced ten times per year and includes articles of interest to professionals responsible for risk and insurance management in business and industrial firms, public administration and government, insurance companies, agents and brokers, business services and others allied to the field. By providing in-depth analysis of the world of risk, Risk Management magazine is a vital source of pertinent information for business. The magazine is supported by its official blog, the Risk Management Monitor, which offers daily coverage and analysis of the latest risk-related news and issues. Risk-Wire, distributed twice per week, is an exclusive news service for RIMS members that provides an executive summary and links to the most

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important risk management stories of the day. Additional online resources that provide today's risk professionals with knowledge, tools and resources they need to be successful include the Strategic & Enterprise Risk Center, the International Center for Risk Management and Risk Knowledge. These are available to both members and the general public.

Professional Development

This department implements educational programs through online courses, workshops, webinars, course casts, Chapter events and in-company training. Online courses are offered through partnerships with vendors. It also administers the GRMI programs for the RIMS Fellow® (RF) and the Canadian Risk Management® (CRM) designations.

Marketing

RIMS employs a centralized approach to its marketing and communications efforts, and has unified this service for all its products, services and events under a single division. This methodology enables RIMS to maximize its impact and make the best use of its budget by cross-marketing its strategic objectives in all its communications efforts. Marketing programs involve an integrated approach primarily focused on electronic, web-based and print materials and communications, social media, advertising, publishing, as well as media relations. RIMS Marketing also supports RIMS Marketplace, an online directory of relevant service and solution providers. RIMS Media Relations division acts as a resource to major dailies, trade publications and the general media. Through press releases, articles and interviews, RIMS Media Relations supports RIMS positions on key issues to risk professionals and the public. RIMS Media Relations division also coordinates all speaking opportunities for RIMS Leadership. Using this approach, the department fulfills its mandate to expand awareness of risk management to a broad audience.

Member and Chapter Services

This department is responsible for maintaining, supporting, engaging and enlarging membership and chapter services activities. Administrative services and support are provided to RIMS' 79 chapters, including leadership information, support of web sites, development of resource materials, and provision of both traditional face-to-face and online training of Chapter officers. Other activities include the Student Advisory Council and Member and Chapter Engagement Committees, the RIMS online store, RIMS Career Center/Job Bank, RIMS Benchmark Survey and RIMS Compensation Survey. The development of tomorrow's risk management leaders is essential. Member and Chapter Services contribute to this through various initiatives, including the Rising Risk Professional Community, the RIMS Anita Benedetti Student Involvement Program, the RIMS Risk Challenge and the Student Resource Center.

Government Affairs

Government Affairs focuses on U.S. federal, state and Canadian federal and provincial legislative and regulatory issues that impact the risk management community. In addition, the department prepares witnesses and drafts testimony for members appearing before governmental and non-governmental bodies. It maintains a standing External Affairs Committee that is responsible for crafting RIMS position statements, composing letters to members of Congress, and establishing RIMS legislative priorities. Furthermore, it conducts lobbying at all levels of government through an assortment of strategies including the annual RIMS Legislative Summit, which brings risk professionals to Washington, D.C. to further the agenda of the risk management community. The

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Government Affairs department maintains contact with its members throughout North America regarding all legislative development via the RIMS website, newsletters and e-mail alerts. RIMS incurred expenses of \$155,227 related to lobbying activities.

Strategic and Enterprise Risk Practice

This practice enlarges the value proposition for risk management as a strategic business discipline to encompass value creation and capture (the upside of uncertainty), as well as value protection (the downside of uncertainty). In leading new research and the development of innovative - yet pragmatic - strategic and operational risk practices that are applicable across all types of organizations, the practice's main objective is to drive incremental and recurring revenue streams for RIMS by broadening its membership and delivering specific products and services that provide unique and practical value for its current and new members. The department serves as a "voice of the enterprise risk practitioner" for RIMS' other departments with respect to the content of conferences, publications, marketing, interviews, workshops, surveys, seminars, webinars, etc., and serves as an internal consultant for RIMS' own ERM program.

General and Administration, Finance, and IT

This includes the office of the CEO, COO, Finance and Administration, General Counsel, Governance, Board of Directors and other support functions. The majority of expenses relate to salaries, rent, computer systems, records management and other support functions.

Membership, Recruitment, and Retention

This includes all member marketing, recruiting and retention expenses including membership packets, benefits brochures and the RIMS booth used during the Annual Conference & Exhibition. This area also reviews and monitors program goals for member recruitment and retention.

11. Foreign Currency Translation

The Organization has bank accounts in Canada. The cash balances in these accounts are translated at the rates of exchange at the balance sheet date. The effect of such translation adjustments for the year ended December 31, 2018 was a decrease in net assets of \$14,381.

12. RIMS Canada Council

The RIMS Canada Council (RCC) is a committee of RIMS. The RCC supports, promotes and coordinates risk management in Canada by means of standing subcommittees. The RCC also coordinates the annual RIMS Canada Conference, hosted by one of the 10 local Canadian chapters.

Assets and liabilities of the RCC are as follows:

December 31, 2018

Cash and cash equivalents	\$	484,839
Prepaid conference expenses		34,456
Net Assets	\$	519,295

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Revenues and expenses of the RCC are as follows:

Year ended December 31, 2018

Other revenue	\$	72,739
Interest and investment loss		-
Foreign exchange transaction loss		(39,356)
Expenses		(82,195)
Change in Net Assets	\$	(48,812)

13. Analysis of Expenses by Function and Nature

Certain categories of expenses are attributable to one or more programs or supporting functions of RIMS. Accordingly, certain costs have been allocated among the programs and supporting services benefited and summarized on a functional basis. The following is an analysis of RIMS's costs summarized on a functional basis:

December 31, 2018

	Supporting Services			Total
	Program Services	General and Administrative, Finance, and IT	Membership, Recruitment, and Retention	
Salary and benefits	\$ 4,305,570	\$ 2,905,222	\$ 185,816	\$ 7,396,608
Dues & subscriptions	9,790	14,920	325	25,035
Program development grants	50,000	-	-	50,000
Miscellaneous	1,676	14,635	-	16,311
Postage	670	13,404	-	14,074
Staff training	21,037	8,613	1,227	30,877
Supplies	5,356	54,070	-	59,426
Telephone	3,592	82,965	-	86,557
Travel	137,432	58,534	5,844	201,810
Conferences	3,340,074	-	-	3,340,074
Lobbying	155,227	-	-	155,227
Professional fees	127,774	215,789	-	343,563
Global development	232,298	-	-	232,298
Strategic initiative	20,480	-	-	20,480
Marketing	753,206	-	-	753,206
Membership	-	-	329,144	329,144
Education programs	197,641	-	-	197,641
Information technology	-	417,985	-	417,985
Depreciation	-	404,166	-	404,166
Bad debt	-	48,413	-	48,413
Office and occupancy	233	1,508,665	-	1,508,898
Other finance and operational	583	855,704	-	856,287
CRM exams	177,356	-	-	177,356
Board and governance	-	406,160	-	406,160
Total	\$ 9,539,995	\$ 7,009,245	\$ 522,356	\$ 17,071,596

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14. Subsequent Events

The Organization has evaluated subsequent events through May 13, 2019, which is the date these consolidated financial statements were available to be issued. No events arose during the period that would require additional disclosures.

Supplementary Information

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Consolidated Schedule of Operational Revenues, Expenses and Change in Net Assets

Year ended December 31, 2018

	(Without Donor Restrictions)
Revenues Per Consolidated Income Statement	\$ 14,294,234
Add back: loss on investments, net	1,103,579
Total Operational Revenues, Gains and Other Support	15,397,813
Expenses Per Consolidated Income Statement	17,071,596
Less: loss on disposal of fixed assets	108,016
Less: Board-designated expenses:	
GRMI educational	68,155
Certification	335,309
Global initiatives	227,870
Learning labs	38,279
Office relocation expense	796,092
Total Operational Expenses	15,497,875
Change in Operational Net Assets Before Foreign Currency Exchange Loss	(100,062)
Foreign Currency Exchange Loss (Notes 11 and 12)	(14,381)
Change in Operational Net Assets	\$ (114,443)

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Schedule of Financial Position (with comparative totals for 2017)

December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Eliminations	Consolidated	
				2018	2017
Assets					
Current					
Cash and cash equivalents	\$ 2,356,352	\$ 629,560	\$ -	\$ 2,985,912	\$ 2,762,311
Investments, at fair value	11,813,946	978,494	-	12,792,440	15,942,310
Advertising receivables	190,289	-	-	190,289	139,121
Other receivables, net	670,463	6,029	(3,183)	673,309	666,356
Prepaid conference expenses	515,773	-	-	515,773	581,424
Other current assets	910,893	2,500	-	913,393	846,720
Total Current Assets	16,457,716	1,616,583	(3,183)	18,071,116	20,938,242
Assets Limited as to Use	136,777	-	-	136,777	136,777
Investments Held for Chapters	60,230	-	-	60,230	62,292
Property and Equipment, Net	848,002	-	-	848,002	443,570
Intangible Asset	502,636	-	-	502,636	418,021
	\$ 18,005,361	\$ 1,616,583	\$ (3,183)	\$ 19,618,761	\$ 21,998,902
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 560,133	\$ 117,015	\$ (3,183)	\$ 673,965	\$ 366,623
Accrued payroll and related benefits	625,530	-	-	625,530	575,113
Contributions payable to affiliate, current portion	-	-	-	-	150,000
Deferred conference revenue	3,736,940	-	-	3,736,940	3,924,854
Deferred dues revenue	1,409,158	-	-	1,409,158	1,400,759
Other deferred revenue	34,677	-	-	34,677	117,318
Deferred rent, current portion	-	-	-	-	86,369
Total Current Liabilities	6,366,438	117,015	(3,183)	6,480,270	6,621,036
Contributions Payable to Affiliate, net of current portion	-	-	-	-	-
Deferred Rent, net of current portion	554,430	-	-	554,430	-
Liability for Chapter Investments	60,230	-	-	60,230	62,292
Total Liabilities	6,981,098	117,015	(3,183)	7,094,930	6,683,328
Net Assets					
Without donor restrictions	11,024,263	1,499,568	-	12,523,831	15,315,574
	\$ 18,005,361	\$ 1,616,583	\$ (3,183)	\$ 19,618,761	\$ 21,998,902

Risk and Insurance Management Society, Inc. and Affiliate

Consolidating Schedule of Activities (with comparative totals for 2017)

Year ended December 31,

	Risk and Insurance Management Society, Inc.	Global Risk Management Institute	Eliminations	Combined	
				2018	2017
Revenues, Gains and Other Support					
Conferences	\$ 9,841,379	\$ -	\$ -	\$ 9,841,379	\$ 10,083,651
Membership dues	2,265,369	-	-	2,265,369	2,741,318
Advertising	937,569	-	-	937,569	935,198
Publications	760,928	-	-	760,928	867,426
Membership and chapter services	233,019	-	-	233,019	407,867
Education, certification, and GRMI	397,066	302,931	-	699,997	805,218
Other revenue	704,552	-	(45,000)	659,552	612,676
Investment income (loss), net	(1,021,780)	(81,799)	-	(1,103,579)	2,247,312
Total Revenues, Gains and Other Support	14,118,102	221,132	(45,000)	14,294,234	18,700,666
Expenses					
Program services:					
Conferences	4,260,634	-	-	4,260,634	4,485,793
Publications	941,523	-	-	941,523	884,998
Education, certification, and GRMI	696,457	247,522	-	943,979	830,531
Marketing and communications	1,739,107	-	-	1,739,107	1,608,482
Client services	332,554	-	-	332,554	404,519
Government affairs	386,334	-	-	386,334	366,017
Strategic and enterprise risk practice	935,864	-	-	935,864	870,745
Total Program Services	9,292,473	247,522	-	9,539,995	9,451,085
Supporting services:					
General and administration, finance and IT	7,009,245	45,000	(45,000)	7,009,245	6,035,100
Membership, recruitment, and retention	522,356	-	-	522,356	567,131
Total Supporting Services	7,531,601	45,000	(45,000)	7,531,601	6,602,231
Total Expenses	16,824,074	292,522	(45,000)	17,071,596	16,053,316
Change in Net Assets Before Foreign Currency Exchange Loss					
Foreign Currency Exchange Loss	(2,705,972)	(71,390)	-	(2,777,362)	2,647,350
Foreign Currency Exchange Loss	(2,918)	(11,463)	-	(14,381)	(15,786)
Change in Net Assets Without Donor Restrictions					
Restrictions	(2,708,890)	(82,853)	-	(2,791,743)	2,631,564
Net Assets Without Donor Restrictions, beginning of year					
Restrictions, beginning of year	13,733,153	1,582,421	-	15,315,574	12,684,010
Net Assets Without Donor Restrictions, end of year					
Restrictions, end of year	\$ 11,024,263	\$ 1,499,568	\$ -	\$ 12,523,831	\$ 15,315,574