

1988 FINANCIAL REPORTS

Balance Sheet December 31, 1988

	General Fund	Reserve Fund	Building Fund	December 31, 1988 Combined
ASSETS				
Cash				
Checking accounts	\$ 177,483			\$ 177,483
Money market and savings	779,144	\$ 88,296		867,440
Petty cash	<u>400</u>	<u>88,296</u>		<u>400</u> \$1,045,323
Investments				
Certificates of deposit, due February 1989 through August 1992	297,000	1,493,000		1,790,000
Corporate bonds — at cost (market \$72,100)	<u>297,000</u>	<u>85,640</u>	1,578,640	<u>85,640</u> 1,875,640
Accounts receivable				
Test film and publications	83,589			83,589
Accrued interest	1,828	11,722		13,550
Other	<u>500</u>	<u>85,917</u>	11,722	<u>500</u> 97,639
Inventory of test films — at cost		92,374		92,374
Prepaid expenses				
Employees' retirement plan	66,000			66,000
Future conferences	36,277			36,277
Other	<u>24,930</u>	127,207		<u>24,930</u> 127,207
Land and building, White Plains, New York — at cost			\$1,792,404	1,792,404
Equipment — Test film, office furniture and computer		<u>3</u>		<u>3</u>
Total Assets	<u>1,559,528</u>	<u>1,678,658</u>	<u>1,792,404</u>	<u>5,030,590</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 110,298			\$ 110,298
Payroll withholding taxes	229			229
Employees' retirement plan contribution	<u>72,000</u>	\$ 182,527		<u>72,000</u> \$ 182,527
Deferred income				
Membership dues paid in advance	307,589			307,589
Advance payment for test films, etc.	6,774			6,774
Future conferences	<u>5,915</u>	320,278		<u>5,915</u> 320,278
Fund Balances	<u>1,056,723</u>	<u>\$1,678,658</u>	<u>\$1,792,404</u>	<u>4,527,785</u>
Total Liabilities and Fund Balances	<u>1,559,528</u>	<u>1,678,658</u>	<u>1,792,404</u>	<u>5,030,590</u>

Independent Auditor's Report

**To the Members and Board of Governors of the
Society of Motion Picture and Television Engineers, Inc.**

We have audited the accompanying balance sheet of the SOCIETY OF MOTION PICTURE AND TELEVISION ENGINEERS, INC. as of December 31, 1988 and the related statement of income and expenses and changes in balances of funds for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and

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Statement of Income and Expenses and Changes in Balances of Funds — Year Ended December 31, 1988

	General Fund	Reserve Fund	Building Fund	December 31, 1988 Combined
INCOME				
Membership dues	\$ 575,024			\$ 575,024
Test film sales	\$ 339,352			\$ 339,352
Less: Direct costs	<u>197,629</u>	141,723		<u>197,629</u> 141,723
Technical conferences				
Income from registrations, exhibits, banquets, etc.	1,600,020			1,600,020
Less: Direct costs	<u>807,276</u>	792,744		<u>807,276</u> 792,744
Interest income	<u>72,385</u>	\$ 141,493		<u>72,385</u> 213,878
Total Income	<u>1,581,876</u>	<u>141,493</u>	<u>\$ —</u>	<u>1,723,369</u>
EXPENSES				
Publications				
Cost of publishing Journal, books, reprints, etc.	785,785			785,785
Less: Advertising revenue and sales to non-members	<u>341,690</u>	444,095		<u>341,690</u> 444,095
Membership records and promotion		74,259		74,259
Engineering services		254,998		254,998
Office salaries		234,160		234,160
Occupancy (net of rental income — \$55,383, 1988)		42,085		42,085
Payroll taxes		60,189		60,189
Retirement plan		84,777		84,777
General and administrative		257,939		257,939
Sections and chapters		81,766		81,766
Administrative committees		14,660		14,660
I.S.O. Secretariat		11,884		11,884
Affiliations		17,775		17,775
Other expenses — net		<u>2,614</u>		<u>2,614</u>
Total Operating Expenses	1,581,201	—	—	1,581,201
EDP equipment and system development	4,934			4,934
Loss on sale of a security		<u>5,118</u>		<u>5,118</u>
Total Expenses	<u>1,586,135</u>	<u>5,118</u>	<u>—</u>	<u>1,591,253</u>
Excess of Income (Expense) for Year	(4,259)	136,375	—	132,116
Fund Balances, beginning of year	<u>1,060,982</u>	<u>1,542,283</u>	<u>1,792,404</u>	<u>4,395,669</u>
Fund Balances, end of year	<u>1,056,723</u>	<u>1,678,658</u>	<u>\$1,792,404</u>	<u>4,527,785</u>

perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the SOCIETY OF MOTION PICTURE AND TELEVISION ENGINEERS, INC. at December 31, 1988 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Owen J. Flanagan & Co., Certified Public Accountants
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