

Annual ASTD Audit

TO: MEMBERS OF ASTD

On the following pages are the audited statements of your Society showing financial status at the end of 1959 and operations during the year.

The first important fact of interest revealed by the Balance Sheet is that the Society is solvent; its assets exceed its liabilities by an amount referred to as Members' Equity, the book value of your ownership. This amount, \$18,118, though in the black, is barely equal to what is required to maintain your Society for three months. It is scarcely enough of a cushion to permit costly innovations in services which are more useful to members but which produce little or no immediate revenue. It is hoped that by the end of 1960, this reserve will be more adequate to underwrite creative efforts for the training profession.

The significant item of interest on the Income Statement, is that, with the help of good management of our Annual Conference by our Detroit members and of those responsible for our Annual Institute, the proceeds of these two activities produced a slight net gain in overall operations for 1959 of \$199. If the results of these two events had been only as much as was realized from them in 1958, the Society would have suffered a deficit in 1959 of \$8,196. The Conference and Institute proceeds, therefore, were necessarily used to shore up the regular services of the Society during the year. With a more adequate dues structure in 1960, the existence of ASTD will depend less on these fluctuating sources of income.

Another factor which prevented a deficit during the year was economizing in various ways such as the publication of a single listing in the Membership Directory and the postponement of needed capital expenditures. It is intended to resume publication of a comprehensive Membership Directory in 1960 and to replace an outmoded duplicating machine and defective typewriters. Furthermore, a laborious system of maintaining membership records is now being replaced by a modern card-sorting method which will, when installed, increase efficiency in this basic function. In recent years, ASTD has been forced to adopt penny-wise but pound-foolish expedients to avoid or reduce deficits in the face of limited and unstable revenue.

You will note that our auditor mentions the conversion of the Society's records from a cash to an accrual basis of accounting. All modern business is conducted on the accrual basis. Basically, the differences consist of considering receipts and disbursements as income and expenses, respectively, when they are earned or obligated

rather than when they are paid. The effect is to reflect finances more accurately thus placing them under better control.

As a member of ASTD you are one of its owners as much as is a stockholder of a profit-making corporation. Accordingly, it is your right to inquire about any feature of its activities about which you may be concerned. As your Society's Executive Director, acting as Secretary-Treasurer, it is my responsibility to provide such information. Doing so will be viewed not as a favor but as a duty.

As a final commentary with the following statements, it should be pointed out that substantial contributions are made to the successful operation of a voluntary professional association by its members. These contributions are not reportable in financial statements but are, nevertheless, major factors in making progress toward Society objectives. Members who contribute articles to the *Journal*, who strengthen the Society by recruiting new members, who serve as members and chairmen of committees and as chapter and national officers are more important assets than can be cited on a balance sheet, but should not be lost sight of in examining the balance sheet.

GORDON M. BLISS

Executive Director

AMERICAN SOCIETY OF TRAINING DIRECTORS

Madison, Wisconsin

AUDIT REPORT

For the Year Ended December 31, 1959

Submitted February 2, 1960

SMITH & GESTELAND

Certified Public Accountants

Madison 3, Wisconsin

January 23, 1960

American Society of Training Directors
2020 University Avenue
Madison, Wisconsin

Gentlemen:

We have completed our audit of the American Society of Training Directors, Madison, Wisconsin for the year ended December 31, 1959. Our report consists of:

Balance Sheet—December 31, 1959	EXHIBIT A
Income Statement—For the Year Ended December 31, 1959	EXHIBIT B
Bank Reconciliation—First National Bank December 31, 1959	EXHIBIT C

Effective December 31, 1959 the records of American Society of Training Directors were changed from cash to accrual basis accounting. The results of operations for the year may include receipts and disbursements which by the accrual method would pertain to the year ended December 31, 1958. It was not feasible to determine the adjustment required at that time and Exhibit B presents the results of operations for the year including the effect of change. It is not believed that there is any significant effect in net income as shown in the Income Statement as a result of the accounting method used.

The 15th Annual Conference was held during May 1959 in Detroit, Michigan with the Greater Detroit Chapter as host. By Board action seventy-five per cent of the net income from this activity is allocated to the Society. Their share of the 1959 surplus was \$8,857.69. We audited the records of this conference.

The 1959 Training Institute was held in Madison, Wisconsin. Registration fees totalled \$12,725.00 and direct chargeable expenses amounted to \$6,415.03. No part of general administrative or overhead expenses has been allocated to this activity. Improved accounting classification for 1960 will provide the Society with a more accurate cost of the Institute and its results of operations.

May we point out that the net income of \$199.26 as shown in Exhibit B includes the net proceeds of the Annual Conference in the amount of \$8,857.69 and the excess of Institute receipts over disbursements of \$6,309.07.

At December 31, 1959 an inventory of supplies for resale was taken and priced by Society personnel. These items include pins, plaques and binders purchased prior to the end of the year and which are available for resale. The value at December 31, 1959 amounted to \$1,377.30. In prior years these purchases were charged to expense.

In changing from cash to accrual basis of accounting, the Society has deferred income on prepaid dues, journal subscriptions and advertising. These items are being recorded as income as they are earned.

In conjunction with the change of reporting income and expense the Society has adopted a new classification of accounts which will significantly aid in determining costs of its various activities and the expense of membership maintenance and promotion.

Respectfully submitted,

SMITH & GESTELAND

By Howard L. Smith

EXHIBIT A

American Society of Training Directors
Madison, Wisconsin

BALANCE SHEET
December 31, 1959

ASSETS

CURRENT

Petty Cash Fund	\$ 50.00
Cash In Bank—First National Bank	2,444.50
Savings Account—Anchor Savings and Loan Association	21,397.46
Accounts Receivable	1,820.05
Advance—1960 Annual Conference	2,000.00
Inventory of Supplies for Resale	1,377.30
Prepaid Expenses	415.65
Total Current Assets	\$29,504.96

OFFICE FURNITURE AND EQUIPMENT

(Nominal Value)	1.00
	<u>\$29,505.96</u>

LIABILITIES

CURRENT

Accounts Payable	\$ 360.18
Prepaid Dues	9,275.00
Prepaid Subscriptions	1,702.50
Prepaid Advertising	50.00
TOTAL LIABILITIES	\$11,387.68

MEMBERS EQUITY

BALANCE January 1, 1959	\$17,919.02
Increase in Equity—Year Ended	
December 31, 1959	199.26
BALANCE December 31, 1959	18,118.28
	<u>\$29,505.96</u>

OPINION

We have examined the balance sheet of American Society of Training Directors, Madison, Wisconsin as of December 31, 1959. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the above balance sheet presents fairly the financial position of American Society of Training Directors, Madison, Wisconsin at December 31, 1959, in conformity with generally accepted accounting principles.

Madison, Wisconsin
January 23, 1960

/S/ SMITH & GESTELAND
Certified Public Accountants

EXHIBIT B

American Society of Training Directors
Madison, Wisconsin

INCOME STATEMENT

For the Year Ended December 31, 1959

INCOME

Membership Dues	\$38,300.00
Journal Sales	2,146.22
Journal Advertising	7,227.71
Net Proceeds of Annual Conference	8,857.69
Registration Fees—Training Institute	12,725.00
Sale of Supplies	1,249.48
Interest Earned	780.34
Miscellaneous Income	887.09
TOTAL INCOME	\$72,173.53

EXPENSES

Salaries	\$24,666.68
Taxes	480.21
Supplies and Maintenance	2,681.46
Printing	25,821.27
Rent Light and Office Maintenance	2,128.31
Postage Freight and Express	4,239.31
Telephone and Telegraph	823.21
Officers Expense	2,609.74
Institute Expense	6,415.03
Awards	684.25
Capital Outlay	110.26
Professional Services	450.00
Miscellaneous	864.54
TOTAL EXPENSES	71,974.27
NET INCOME	\$ 199.26

EXHIBIT C

American Society of Training Directors
Madison, Wisconsin

BANK RECONCILIATION - FIRST NATIONAL BANK

December 31, 1959

Balance per Bank Certificate	\$4,027.07
Add Undeposited Receipts at December 31, 1959	2,677.79
	<u>\$6,704.86</u>
Deduct Checks Outstanding at December 31, 1959	4,260.36
AVAILABLE BALANCE	\$2,444.50