



AMERICAN MATHEMATICAL SOCIETY

Financial Statements

December 31, 2006 and 2005

(With Independent Auditors' Report Thereon)



KPMG LLP
99 High Street
Boston, MA 02110-2371

Telephone 617 988 1000
Fax 617 507 8321
Internet www.us.kpmg.com

Independent Auditors' Report

The Board of Trustees
American Mathematical Society:

We have audited the accompanying balance sheets of the American Mathematical Society (the Society) as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

May 10, 2007

AMERICAN MATHEMATICAL SOCIETY

Balance Sheets

December 31, 2006 and 2005

Assets	2006	2005
Cash and cash equivalents (note 2)	\$ 1,518,285	674,624
Short-term investments (note 3)	17,095,580	16,145,544
Accounts receivable, net (allowances of \$250,000 and \$230,000, respectively)	1,607,714	1,135,742
Deferred prepublication costs	580,769	609,877
Completed books	1,060,636	972,114
Prepaid expenses and deposits	1,172,409	1,079,528
Land, buildings and equipment, net (note 4)	3,734,674	3,828,156
Long-term investments (note 5)	68,461,186	60,258,660
Total assets	<u>\$ 95,231,253</u>	<u>84,704,245</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,534,995	1,545,820
Accrued expenses:		
Severance and study leave pay (note 6)	1,147,066	1,058,971
Payroll, benefits, and other	994,608	1,092,225
Deferred revenue	12,907,692	11,971,021
Postretirement benefit obligation (note 7)	4,706,688	3,998,645
Total liabilities	<u>21,291,049</u>	<u>19,666,682</u>
Net assets:		
Unrestricted:		
Undesignated	6,435,525	5,088,094
Designated (note 8)	58,127,188	50,853,118
Invested in fixed assets	3,734,674	3,828,156
	<u>68,297,387</u>	<u>59,769,368</u>
Temporarily restricted (note 9)	1,965,378	1,794,484
Permanently restricted (note 10)	3,677,439	3,473,711
Total net assets	<u>73,940,204</u>	<u>65,037,563</u>
Total liabilities and net assets	<u>\$ 95,231,253</u>	<u>84,704,245</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Statements of Activities

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Changes in unrestricted net assets:		
Operating revenue (notes 1 and 5):		
Publication:		
$Mathematical Reviews$ and related activities	\$ 9,444,936	9,294,428
Journals (excluding $Mathematical Reviews$)	4,407,455	4,288,978
Books	3,293,020	3,081,012
Sale of services	385,855	379,114
Other	142,632	135,675
Total publication revenue	<u>17,673,898</u>	<u>17,179,207</u>
Membership and professional services, including net assets released from restrictions (note 9):		
Dues, services, and outreach	3,583,116	3,431,224
Grants, prizes and awards	881,496	977,253
Investment earnings available for spending (notes 1 and 5)	819,630	727,225
Meetings	893,202	822,188
Total membership and professional services revenue	<u>6,177,444</u>	<u>5,957,890</u>
Short-term investment income	756,686	503,262
Other	152,355	137,844
Total operating revenue	<u>24,760,383</u>	<u>23,778,203</u>
Operating expenses:		
Publication:		
$Mathematical Reviews$ and related activities	6,133,098	5,919,533
Journals (excluding $Mathematical Reviews$)	1,293,764	1,276,304
Books	2,926,057	2,604,319
Divisional indirect	805,909	666,448
Customer services	848,861	791,142
Warehousing and distribution	857,274	776,448
Marketing and sales	232,922	219,230
Sale of services	251,747	325,231
Total publication expense	<u>13,349,632</u>	<u>12,578,655</u>
Membership and professional services:		
Dues, services and outreach	3,539,475	3,115,145
Grants, prizes and awards	1,190,011	1,278,042
Meetings	916,111	735,513
Governance	417,497	419,659
Divisional indirect	441,759	500,038
Total membership and professional services expense	<u>6,504,853</u>	<u>6,048,397</u>
Other	142,711	97,118
General and administrative	3,114,916	3,142,371
Total operating expenses	<u>23,112,112</u>	<u>21,866,541</u>

AMERICAN MATHEMATICAL SOCIETY

Statements of Activities

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Excess of operating revenue over operating expenses	\$ 1,648,271	1,911,662
Investment income in excess of investment earnings available for spending (note 5)	6,879,748	2,481,812
Change in unrestricted net assets	<u>8,528,019</u>	<u>4,393,474</u>
Changes in temporarily restricted net assets:		
Contributions	52,971	153,455
Investment income (note 5)	420,472	191,766
Net assets released from restrictions (note 9)	(302,549)	(344,848)
Change in temporarily restricted net assets	<u>170,894</u>	<u>373</u>
Change in permanently restricted net assets:		
Contributions	203,728	187,353
Change in permanently restricted net assets	<u>203,728</u>	<u>187,353</u>
Change in net assets	8,902,641	4,581,200
Net assets, beginning of year	<u>65,037,563</u>	<u>60,456,363</u>
Net assets, end of year	<u>\$ 73,940,204</u>	<u>65,037,563</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Statements of Cash Flows

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,902,641	4,581,200
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	426,148	429,783
Net realized and unrealized gain on long-term investments	(6,550,554)	(2,115,006)
Contributions restricted for permanent investment	(203,728)	(187,353)
Changes in assets and liabilities:		
Accounts receivable, net	(471,972)	(335,619)
Deferred prepublication costs	29,108	(34,837)
Completed books	(88,522)	14,189
Prepaid expenses and deposits	(92,881)	(58,280)
Accounts payable	(10,825)	347,431
Accrued expenses	(9,522)	83,189
Deferred revenue	936,671	337,559
Postretirement benefit obligation	708,043	459,698
Net cash and cash equivalents provided by operating activities	<u>3,574,607</u>	<u>3,521,954</u>
Cash flows from investing activities:		
Change in short-term investments	(950,036)	239,054
Purchases of property and equipment	(332,666)	(230,558)
Sales of long-term investments	15,919,655	3,402,357
Purchases of long-term investments	<u>(17,571,627)</u>	<u>(6,805,934)</u>
Net cash and cash equivalents used in investing activities	<u>(2,934,674)</u>	<u>(3,395,081)</u>
Cash flows from financing activities:		
Contributions restricted for permanent investment	<u>203,728</u>	<u>187,353</u>
Net increase in cash and cash equivalents	843,661	314,226
Cash and cash equivalents at beginning of year	<u>674,624</u>	<u>360,398</u>
Cash and cash equivalents at end of year	<u>\$ 1,518,285</u>	<u>674,624</u>

See accompanying notes to financial statements.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

(1) Description of Business and Summary of Significant Accounting Policies

(a) *Description of Business*

The American Mathematical Society (the Society) was created in 1888 to further mathematical research and scholarship. It is an international membership organization, currently with over 29,000 members. The Society fulfills its mission with publications and professional programs that promote mathematical research, increase the awareness of the value of mathematical research to society and foster excellence in mathematics education.

(b) *Basis of Financial Statement Presentation*

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to focus on the Society as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) *Classifications of Net Assets*

The Society's net assets and activities that increase or decrease net assets are classified as unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets are those without any donor-imposed or other restrictions as to their use which are available for the general operations of the Society. The Society defines operating income as the net increase in unrestricted net assets derived from the activities related to the accomplishment of its mission, such as publications, programs, meetings and conferences, and member services. Investment earnings appropriated by the Board on unrestricted long-term investments are presented as an operating revenue. Any excess investment earnings (loss) is presented as a nonoperating revenue.

Temporarily restricted net assets are those whose use is restricted by some donor-imposed limitation which will lapse upon the passage of time, use of the asset for its intended purpose, or the meeting of other donor-imposed stipulations.

Permanently restricted net assets are those which must be permanently invested to provide a source of support for the activities of the Society and which are commonly referred to as endowments.

The Society is incorporated under the laws of the District of Columbia and is therefore subject to the provisions of the Uniform Management of Institutional Funds Act (the Act). Under the Act, the accumulated realized and unrealized gains related to the investment of an endowment gift may legally be appropriated for expenditure by the governing body of an organization unless the applicable gift instrument indicates the donor's intention that such gains may not be expended. None of the Society's endowment gift instruments executed by donors contains such a restriction.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

Accordingly, the net gains on endowment gifts that contain no donor restrictions as to the use of income derived therefrom have been included in unrestricted net assets. The net gains on endowment gifts that contain donor restrictions as to the use of income derived therefrom have been included in temporarily restricted net assets. Only the original amount of endowment gifts has been included in permanently restricted net assets.

(d) *Contributions and Net Assets Released from Restrictions*

The Society records as contribution revenue unconditional promises to give. All other contribution revenue is recorded as received. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset for some specific purpose or time period and as permanently restricted support if the donated asset must be invested in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

If a donor-imposed restriction is met for the full amount of the contribution within the year, the related revenues and expenses are recorded solely in the unrestricted net assets category in the accompanying statements of activities.

The Society receives contributed services from its members, principally as volunteer leaders in the governance structure of the Society and as volunteer members of editorial committees for the Society's various publications. The latter category of contributed services qualifies for recognition as income and expense under accounting principles, as the members of the editorial committees must possess specialized skills. However, the Society has no practical way of measuring the market value of the services received from its volunteer editorial committee members and, accordingly, no such estimate is included as revenue or expense in the accompanying financial statements.

(e) *Investments and Related Income*

Substantially all of the Society's investments, both short term and long term, are carried at fair value, as determined by quoted market prices. Investments in mutual funds are carried at the quoted net asset value of the fund, which approximates market value. Certain investments, such as money market funds and certificates of deposit, are carried at cost, which approximates market value.

The total return (interest, dividends, and realized and unrealized gains or losses) derived from permanently restricted net assets whose use of income is restricted for a specific purpose is recorded as investment return (loss) in the temporarily restricted net asset category. As the purpose restriction is met, the income is reclassified to the unrestricted net assets category via net assets released from restrictions.

The Board of Trustees annually appropriates investment earnings to support operations of the Society. The Board uses a 5% spending rate applied to the three-year moving average of the

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

board-designated Operations Support Fund to support the membership and professional services activities of the Society. The Board also annually appropriates investment income from the endowment funds whose use of income is unrestricted to support specific Society projects, using a 5% spending rate applied to the three-year moving average of these true endowment funds. The amount used to support these specific projects consisted of the following at December 31:

	<u>2006</u>	<u>2005</u>
Investment earning used to support operations:		
Included in membership and professional services revenue	\$ 637,000	612,500
Appropriated endowment income:		
Included in publication revenue	80,000	120,000
Included in membership and professional services revenue	<u>182,630</u>	<u>114,725</u>
	<u>\$ 899,630</u>	<u>847,225</u>

(f) *Deferred Prepublication Costs*

Prepublication costs, consisting of translation, editorial, composition and proofreading costs, are deferred until publication. Upon publication, prepublication costs related to books are transferred into completed books inventory and prepublication costs related to journals are expensed to offset subscription revenue for the journals.

(g) *Completed Books*

Publication costs of books, consisting of paper, printing, and prepublication costs, are deferred and charged to expense as the books are sold. Completed books are recorded in the accompanying balance sheets at the lower of average cost or market.

(h) *Land, Buildings, Equipment, and Accumulated Depreciation*

Land, buildings, and equipment are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using straight-line or accelerated methods.

(i) *Membership Journals*

Members are provided certain journals at no charge as these journals are considered to be benefits of membership in the Society.

(j) *Revenue Recognition*

Advance collections for dues, subscriptions, and publications are deferred and generally recognized as income when the services are rendered or the publications shipped. For subscriptions to current-year journals for which all of the issues have not yet been published but for which substantially all of the costs have been incurred, the Society accrues estimated completion costs and

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

recognizes the related revenues. For sales of books and journals, revenue is recognized upon shipment. In addition, the Society reserves for its estimate of book returns.

(k) Income Taxes

The Society is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code. Rules and regulations regarding unrelated business income tax apply to the Society, but no activities resulting in a material amount of taxes due occurred in 2006 or 2005.

(l) Grant Income

The Society receives various grants, that are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement for expenditures disallowed under the terms of the grant; however, management believes that these disallowances, if any, would be immaterial.

(2) Cash and Cash Equivalents

Bank accounts, money market funds and petty cash comprise the entire cash and cash equivalents balance as of December 31, 2006 and 2005. The Society's bank accounts are federally insured to a maximum of \$100,000 each.

(3) Short-Term Investments

Short-term investments, at fair value, consist of the following as of December 31:

	<u>2006</u>	<u>2005</u>
Certificates of deposit	\$ 5,087,000	6,386,000
Fixed-income mutual funds	3,975,623	3,792,307
U.S. Government bonds, \$500,000 face value, 5-year TIPS, 0.875%, due April 15, 2010	504,795	499,383
Convertible securities mutual fund	1,174,613	1,040,000
Domestic corporate stock	10,926	8,928
Money market mutual funds	6,342,623	4,418,926
	<u>\$ 17,095,580</u>	<u>16,145,544</u>

It is the Society's policy to invest no more than the federal insured limit of \$100,000 in each financial institution's certificate of deposit. The income derived from these investments is unrestricted and is used to support operations.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

(4) Land, Buildings, and Equipment

The following comprise the Society's investments in land, buildings and equipment as of December 31:

	<u>2006</u>	<u>2005</u>
Land and improvements	\$ 456,788	456,788
Building and improvements	6,280,624	6,241,973
Furniture, equipment and software	4,345,351	4,124,964
Transportation equipment	60,694	78,334
	<u>11,143,457</u>	<u>10,902,059</u>
Less accumulated depreciation	<u>(7,408,783)</u>	<u>(7,073,903)</u>
	<u>\$ 3,734,674</u>	<u>3,828,156</u>

(5) Long-Term Investments

The Society's long-term investments are segregated into seven separate portfolios (including mutual funds), each with its own investment manager and investment objective. The overall investment strategy is determined by the Investment Committee of the Board of Trustees and is approved by the Board of Trustees annually. The primary investment objective of the long-term investment portfolio is an average real total return (net of investment fees and the effects of consumer inflation) of at least 6% over the long term. To achieve this result, the investment portfolio is allocated approximately 80% to equity investments and 20% to fixed-income investments. The equity investments are further diversified into domestic, international, and real estate holdings. Additionally, the entire portfolio is diversified across economic sectors, geographic locations, industries, and size of investees.

The following comprise the Society's total long-term investment portfolio as of December 31:

	<u>2006</u>		<u>2005</u>	
	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>
Cash and cash equivalents	\$ 283,784	283,784	503,059	503,059
Domestic common stocks	4,869,461	4,226,067	8,344,342	6,712,404
Fixed-income mutual funds	13,189,245	13,381,592	12,703,596	12,750,480
Equity mutual funds:				
Domestic common stocks	39,786,992	33,837,854	30,778,900	25,849,665
Domestic real estate investment trusts	4,452,924	2,415,044	3,270,126	2,097,806
International common stocks	5,878,780	4,759,094	4,658,637	4,638,452
Total	<u>\$ 68,461,186</u>	<u>58,903,435</u>	<u>60,258,660</u>	<u>52,551,866</u>

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

The investment portfolio is allocated among the three categories of net assets as of December 31 as follows:

	<u>2006</u>	<u>2005</u>
Unrestricted net assets:		
Board-designated purposes (note 8)	\$ 58,127,188	50,853,118
Undesignated	4,997,611	4,502,660
Total allocated to unrestricted net assets	<u>63,124,799</u>	<u>55,355,778</u>
Total allocated to temporarily restricted net assets	<u>1,658,948</u>	<u>1,429,171</u>
Permanently restricted net assets:		
Unrestricted use of income	1,564,901	1,564,901
Restricted use of income	2,112,538	1,908,810
Total allocated to permanently restricted net assets	<u>3,677,439</u>	<u>3,473,711</u>
Total long-term investments, at value	<u>\$ 68,461,186</u>	<u>60,258,660</u>

The following schedule summarizes the investment return and its classification in the accompanying statements of activities for the years ended December 31:

	<u>2006</u>	<u>2005</u>
Dividends and interest, net of management fees of \$66,045 and \$61,149, respectively	\$ 1,649,296	1,405,797
Net realized and unrealized gain	6,550,554	2,115,006
Investment income	8,199,850	3,520,803
Less investment income classified as temporarily restricted	(420,472)	(191,766)
Less investment earnings available for spending (note 1(e))	<u>(899,630)</u>	<u>(847,225)</u>
Investment income in excess of investment earnings available for spending	<u>\$ 6,879,748</u>	<u>2,481,812</u>

(6) Severance and Study Leave Pay

Certain employees of the Society receive vested rights to severance and study leave pay based upon salary and years of service. The Society provides for this obligation over the related years of the employees' service. The provision for severance and study leave pay charged to expense totaled \$141,910 and \$125,985 in 2006 and 2005, respectively.

(7) Pension and Retirement Benefits

(a) The Society has contributory retirement plans (the Plans) covering substantially all full-time employees. The Plans are administered by, and related assets are maintained with, Teachers Insurance and Annuity Association and College Retirement Equities Fund. The Society's retirement

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

expenses for these Plans totaled approximately \$1,082,700 and \$1,020,400 in 2006 and 2005, respectively.

- (b) The Society sponsors a defined benefit postretirement medical plan that covers substantially all full-time employees. Under the plan provisions, employees who retire from the Society at age 62 or older with at least 12 years of service are eligible for benefits under the plan. Plan benefits consist of health insurance coverage under a Medicare Supplement Plan and reimbursement of Medicare Part B premiums. Employees who retire before age 62 may qualify for coverage under the plan according to a longer service requirement schedule established by the Society. Spouses of eligible retirees are not covered. The plan is noncontributory and is unfunded.

In 1998, this plan was amended to include the prior service of employees previously leased from the University of Michigan as eligible service when such persons become Society employees. The resulting prior service cost of these employees is being amortized over their estimated average future service period until retirement.

The following table presents information relating to the plan for the years ended December 31:

	<u>2006</u>	<u>2005</u>
Benefit obligation	\$ 4,706,688	3,998,645
Fair value of plan assets	—	—
Accrued benefit cost	<u>\$ 4,706,688</u>	<u>3,998,645</u>
Benefits paid	\$ 82,000	75,300
Discount rate	5.50%	5.50%

Net postretirement benefit cost totaled approximately \$790,000 and \$535,000 for the years ended December 31, 2006 and 2005, respectively.

Assumed healthcare cost trend rates at December 31 were as follows:

	<u>2006</u>	<u>2005</u>
Healthcare cost trend rate assumed for next year	12.4%	8.2%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2016	2008

The Board of Trustees amended the plan effective January 1, 2007. Under the new provisions, eligibility is limited to retirees eligible under the prior provisions at June 30, 2006 and Society employees as of June 30, 2006. Plan benefits are limited to a total of \$4,000 per year, with no other limits applied to the Medicare Part B or “Medigap” insurance premiums. There is no provision for this maximum benefit amount to increase over time.

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

A one-percentage-point change in assumed healthcare cost trend-rates would have the following effects:

	<u>1-percentage point increase</u>	<u>1-percentage point decrease</u>
Effect on total service and interest cost components for 2006	\$ 58,000	(47,000)
Effect on accumulated postretirement benefit obligation at December 31, 2006	566,000	(453,000)

The expected future benefit payments under the amended plan provisions for the next ten years are as follows:

Year-end:	
2007	\$ 106,000
2008	118,000
2009	134,000
2010	157,000
2011	170,000
2012-2016	1,299,000

(8) Designated Unrestricted Net Assets

The Board of Trustees of the Society has designated components of unrestricted net assets to support certain purposes. All such designated funds within unrestricted net assets are supported by the unrestricted portion of the long-term investment portfolio. The Economic Stabilization Fund is designated to provide support for the Society in future years should the need arise. The Journal Archive Fund is designated to accumulate funds to support changes that may be necessary for electronic files to be available for future use due to as-yet-unforeseen technological changes. The Epsilon Fund for Young Scholars was created by the Board of Trustees in 2000 to augment the funds in a true endowment fund that supports programs for high school mathematics students. In May 2005, the Board of Trustees merged the Friends of Mathematics and Russian Royalty Funds with the Economic Stabilization Fund, as the original Board purposes for these funds were no longer relevant.

The following comprise the balances in these designated funds within unrestricted net assets as of December 31:

	<u>2006</u>	<u>2005</u>
Economic Stabilization Fund	\$ 21,302,648	30,182,936
Operations Support Fund	35,571,266	19,608,088
Journal Archive Fund	599,289	487,182
Epsilon Fund for Young Scholars	653,985	574,912
Total	<u>\$ 58,127,188</u>	<u>50,853,118</u>

AMERICAN MATHEMATICAL SOCIETY

Notes to Financial Statements

December 31, 2006 and 2005

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted by donors for the following purposes as of December 31:

	<u>2006</u>	<u>2005</u>
Restricted purpose:		
Prizes and scholarships	\$ 216,225	219,621
Lectures	42,182	32,484
Fellowships	115,947	192,740
Special programs	13,020	13,020
Charitable gift annuities	160,992	205,684
Other miscellaneous	50,870	34,303
Accumulated gains on purpose-restricted endowment gifts, principally related to the prize funds	<u>1,366,142</u>	<u>1,096,632</u>
Total	<u>\$ 1,965,378</u>	<u>1,794,484</u>

Assets released from restrictions totaled \$302,549 and \$344,848 in 2006 and 2005, respectively, entirely due to the accomplishment of the designated purposes.

(10) Permanently Restricted Net Assets

Permanently restricted net assets are supported by the long-term investment portfolio. The Society has two types of endowments: gifts with no donor designations as to the use of income derived there from and gifts whose donors have designated a specific purpose in the gift instrument. These endowments consisted of the following at December 31:

	<u>2006</u>	<u>2005</u>
Endowment without donor designation on use of income	\$ 1,564,901	1,564,901
Endowment with donor designation on use of income:		
Prizes	413,280	358,608
Scholarships and fellowships	252,130	252,130
Symposia and lectures	170,000	160,000
China collaboration	366,757	366,757
Epsilon fund for young scholars	<u>910,371</u>	<u>771,315</u>
	<u>\$ 3,677,439</u>	<u>3,473,711</u>