

INTERNATIONAL UNION OF
PURE AND APPLIED CHEMISTRY

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

BATCHELOR, TILLERY & ROBERTS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 18068

RALEIGH, NORTH CAROLINA 27619

RONALD A. BATCHELOR
ANN H. TILLERY
FRANKLIN T. ROBERTS
WM. JAMES BLACK, JR.
SCOTT E. CABANISS

3605 GLENWOOD AVENUE, SUITE 350
RALEIGH, NORTH CAROLINA 27612
TELEPHONE (919) 787-8212
FACSIMILE (919) 783-6724

Independent Auditors' Report

The Executive Committee
International Union of Pure and Applied Chemistry:

Report on the Financial Statements

We have audited the accompanying financial statements of International Union of Pure and Applied Chemistry ("IUPAC"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of IUPAC as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Batchelor, Tillery & Roberts, LLP

June 12, 2013

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 682,592	671,372
Subscriptions receivable (net of allowance for doubtful accounts of \$56,000 in 2012 and \$11,100 in 2011)	102,600	24,405
Inventories	29,937	26,904
Prepaid expenses and other assets	<u>41,325</u>	<u>26,682</u>
Total current assets	856,454	749,363
Investments, at market value	4,000,346	4,170,072
Furniture, fixtures, and equipment, net	<u>50,495</u>	<u>138,872</u>
	<u>\$ 4,907,295</u>	<u>5,058,307</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	81,916	109,107
Unearned subscriptions	<u>388,645</u>	<u>452,803</u>
Total current liabilities	<u>470,561</u>	<u>561,910</u>
Commitments		
Net assets:		
Unrestricted	4,193,519	4,252,241
Temporarily restricted	50,858	51,799
Permanently restricted	<u>192,357</u>	<u>192,357</u>
Total net assets	<u>4,436,734</u>	<u>4,496,397</u>
	<u>\$ 4,907,295</u>	<u>5,058,307</u>

See accompanying notes to financial statements.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Statements of Activities

Year ended December 31, 2012, with comparative totals for 2011

	2012			Total	2011
	Unrestricted	Temporarily restricted	Permanently restricted		
Support:					
Grants and contributions	\$ 115,238	-	-	115,238	580,138
National subscriptions and service charges	873,918	-	-	873,918	857,775
Affiliate membership program	<u>42,081</u>	<u>-</u>	<u>-</u>	<u>42,081</u>	<u>45,499</u>
Total support	<u>1,031,237</u>	<u>-</u>	<u>-</u>	<u>1,031,237</u>	<u>1,483,412</u>
Other revenue:					
Publications	613,882	-	-	613,882	706,517
Investment return, net	446,852	12,436	-	459,288	27,051
Other income	<u>794</u>	<u>-</u>	<u>-</u>	<u>794</u>	<u>36,810</u>
Total other revenue	<u>1,061,528</u>	<u>12,436</u>	<u>-</u>	<u>1,073,964</u>	<u>770,378</u>
Total support and other revenue	2,092,765	12,436	-	2,105,201	2,253,790
Net assets released from restrictions	<u>13,377</u>	<u>(13,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,106,142</u>	<u>(941)</u>	<u>-</u>	<u>2,105,201</u>	<u>2,253,790</u>
Expenses:					
Program and publications	996,799	-	-	996,799	1,738,271
Management and general	<u>1,168,065</u>	<u>-</u>	<u>-</u>	<u>1,168,065</u>	<u>1,274,542</u>
Total expenses	<u>2,164,864</u>	<u>-</u>	<u>-</u>	<u>2,164,864</u>	<u>3,012,813</u>
Decrease in net assets	(58,722)	(941)	-	(59,663)	(759,023)
Net assets, beginning of year	<u>4,252,241</u>	<u>51,799</u>	<u>192,357</u>	<u>4,496,397</u>	<u>5,255,420</u>
Net assets, end of year	<u>\$ 4,193,519</u>	<u>50,858</u>	<u>192,357</u>	<u>4,436,734</u>	<u>4,496,397</u>

(Continued)

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Statements of Activities, Continued

Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Support:				
Grants and contributions	\$ 580,138	-	-	580,138
National subscriptions and service charges	857,775	-	-	857,775
Affiliate membership program	<u>45,499</u>	<u>-</u>	<u>-</u>	<u>45,499</u>
Total support	<u>1,483,412</u>	<u>-</u>	<u>-</u>	<u>1,483,412</u>
Other revenue:				
Publications	706,517	-	-	706,517
Investment return, net	15,358	11,693	-	27,051
Other income	<u>36,810</u>	<u>-</u>	<u>-</u>	<u>36,810</u>
Total other revenue	<u>758,685</u>	<u>11,693</u>	<u>-</u>	<u>770,378</u>
Total support and other revenue	2,242,097	11,693	-	2,253,790
Net assets released from restrictions	<u>132,843</u>	<u>(132,843)</u>	<u>-</u>	<u>-</u>
	<u>2,374,940</u>	<u>(121,150)</u>	<u>-</u>	<u>2,253,790</u>
Expenses:				
Program and publications	1,738,271	-	-	1,738,271
Management and general	<u>1,274,542</u>	<u>-</u>	<u>-</u>	<u>1,274,542</u>
Total expenses	<u>3,012,813</u>	<u>-</u>	<u>-</u>	<u>3,012,813</u>
Decrease in net assets	(637,873)	(121,150)	-	(759,023)
Net assets, beginning of year	<u>4,890,114</u>	<u>172,949</u>	<u>192,357</u>	<u>5,255,420</u>
Net assets, end of year	\$ <u>4,252,241</u>	<u>51,799</u>	<u>192,357</u>	<u>4,496,397</u>

See accompanying notes to financial statements.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Statements of Cash Flows

Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (59,663)	(759,023)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
In-kind donation of website costs	-	(22,530)
Depreciation and amortization	88,377	72,560
Realized losses (gains) on investments	170,728	(3,382)
Unrealized (gains) losses on investments	(460,077)	230,698
Changes in operating assets and liabilities:		
Subscriptions receivable	(78,195)	44,070
Inventories	(3,033)	(2,797)
Prepaid expenses and other assets	(14,643)	25,998
Accounts payable and accrued expenses	(27,191)	29,938
Unearned subscriptions	<u>(64,158)</u>	<u>(210,596)</u>
Net cash used in operating activities	<u>(447,855)</u>	<u>(595,064)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,074,801	344,951
Purchases of investments	<u>(615,726)</u>	<u>(28,561)</u>
Net cash provided by investing activities	<u>459,075</u>	<u>316,390</u>
Net increase (decrease) in cash and cash equivalents	11,220	(278,674)
Cash and cash equivalents, beginning of year	<u>671,372</u>	<u>950,046</u>
Cash and cash equivalents, end of year	\$ <u><u>682,592</u></u>	<u><u>671,372</u></u>

See accompanying notes to financial statements.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Statements of Functional Expenses

Year ended December 31, 2012, with comparative totals for 2011

	2012			<u>2011</u>
	<u>Program and publications</u>	<u>Management and general</u>	<u>Total</u>	
Travel and subsistence	\$ 430,680	175,369	606,049	794,043
Salaries	-	503,261	503,261	404,861
Contracted services	398,654	29,698	428,352	489,253
Administrative and project costs	73,067	67,404	140,471	701,361
Payroll taxes and benefits	-	122,485	122,485	106,027
Depreciation and amortization	-	88,377	88,377	72,560
Postage	53,906	12,038	65,944	99,451
Bad debt expense (recoveries)	-	44,865	44,865	(4,190)
Office supplies and expenses	-	32,997	32,997	28,427
Audit and accounting	-	28,102	28,102	30,520
Contributions	26,344	-	26,344	44,438
Building operations	-	26,086	26,086	28,098
Utilities	-	17,154	17,154	30,169
Advertising and recruiting	-	10,074	10,074	-
Grant refund	9,664	-	9,664	130,843
Printing and publications	3,984	4,619	8,603	5,245
Prizes and awards	500	-	500	48,806
Miscellaneous	-	5,536	5,536	2,901
	<u>\$ 996,799</u>	<u>1,168,065</u>	<u>2,164,864</u>	<u>3,012,813</u>

(Continued)

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Statements of Functional Expenses, Continued

Year ended December 31, 2011

	<u>Program and publications</u>	<u>Management and general</u>	<u>Total</u>
Travel and subsistence	\$ 648,652	145,391	794,043
Administrative and project costs	310,192	391,169	701,361
Contracted services	464,951	24,302	489,253
Salaries	-	404,861	404,861
Grant refund	130,843	-	130,843
Payroll taxes and benefits	-	106,027	106,027
Postage	90,186	9,265	99,451
Depreciation and amortization	-	72,560	72,560
Prizes and awards	48,806	-	48,806
Contributions	44,438	-	44,438
Audit and accounting	-	30,520	30,520
Utilities	-	30,169	30,169
Office supplies and expenses	-	28,427	28,427
Building operations	-	28,098	28,098
Printing and publications	203	5,042	5,245
Bad debt (recoveries)	-	(4,190)	(4,190)
Miscellaneous	-	2,901	2,901
	<u>\$ 1,738,271</u>	<u>1,274,542</u>	<u>3,012,813</u>

See accompanying notes to financial statements.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements

December 31, 2012 and 2011

(1) Nature of Organization and Significant Accounting Policies

International Union of Pure and Applied Chemistry ("IUPAC"), founded in 1919, is a voluntary nongovernmental, nonprofit association of sixty national adhering organizations representing the chemists of their countries. Additionally, there are two associate national adhering organizations, sixty-six company associates, and thirty-four associated organizations.

The objectives of IUPAC are to promote continuing cooperation among the chemists of the member countries, to study topics of international importance to pure and applied chemistry which need standardization or codification, to cooperate with other international organizations which deal with topics of a chemical nature, and to contribute to the advancement of pure and applied chemistry in all its aspects.

The significant accounting policies of IUPAC are as follows:

(a) Support, Revenues, and Expenses

IUPAC derives its revenues primarily from national subscriptions, publication income, and investment income. Support, revenues, and expenses are recorded on the accrual basis of accounting, and revenue received for future subscriptions is deferred until the applicable year.

Contributions received are measured at their fair values and are reported as an increase in net assets. IUPAC reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. 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 statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

(b) Endowment Funds

The Executive Committee of IUPAC has interpreted relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, IUPAC classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by IUPAC in a manner consistent with the relevant endowment fund. IUPAC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(1) Nature of Organization and Significant Accounting Policies, Continued

(b) Endowment Funds, Continued

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America ("GAAP"), deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2012 and 2011.

Return Objectives and Risk Parameters

IUPAC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that IUPAC must hold in perpetuity or for a donor-specified period(s), as well as any board-designated funds. Under this policy, as approved by the Executive Committee, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark portfolio and its respective market index, while assuming a moderate level of investment risk. IUPAC expects its endowment funds, over time, to provide an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, IUPAC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). IUPAC targets a diversified asset allocation for its entire investment portfolio that places an emphasis on mutual funds, bonds and cash equivalents to achieve its long-term return objectives within prudent risk constraints.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(1) Nature of Organization and Significant Accounting Policies, Continued

(b) Endowment Funds, Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy

IUPAC has a policy of appropriating for distribution each year the interest income allocated to each of its endowment funds, with such allocation approximating a 5% return for 2012 and 2011. In establishing this policy, management of IUPAC considered the long-term expected return on its endowment. This is consistent with IUPAC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(c) Cash and Cash Equivalents

Cash and cash equivalents include commercial checking and money market accounts. At year-end and throughout the year, IUPAC had on deposit with a financial institution amounts in excess of FDIC insurance limits of \$250,000. IUPAC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) Allowance for Doubtful Accounts

An allowance is provided for uncollectible receivables equal to the losses that are estimated to be incurred in the collection of all receivables. The allowance is based on historical collection experience combined with a review of the current status of the existing receivables.

(e) Inventories

Inventories, consisting of various publications, are stated at the lower of cost or market, with cost determined on the weighted-average method.

(f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Relevant accounting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Three levels of inputs may be used to measure fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(1) Nature of Organization and Significant Accounting Policies, Continued

(f) Fair Value Measurements, Continued

Level 3: one or more significant inputs or significant value drivers are unobservable or based on market assumptions

(g) Investments

Investments in marketable securities are stated at fair market value. The fair value of mutual funds is based on quoted prices in active markets (Level 1). The fair values of bonds and fixed rate securities are based on information from pricing services and yields currently available on comparable securities (Level 2). Investment income (including gains and losses on investments, interest, and dividends) is included in the statements of activities as a change in unrestricted net assets, except for earnings on permanently restricted net assets which are reported as temporarily restricted.

(h) Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are recorded at cost if purchased and fair value if contributed. Depreciation and amortization is provided over the estimated useful lives of the assets using the straight-line method.

(i) In-kind Donations

The value of donated services meeting the requirements for recognition in the financial statements totaled \$22,530 for 2011. Such services related to capitalized website development costs, with a corresponding amount recorded as contribution income. The fair value recorded was based on estimated project hours to date times the donating company's hourly billing rate (Level 3).

(j) Income Taxes

IUPAC is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. Management of IUPAC does not believe the financial statements include any uncertain tax positions. Tax years ending December 31, 2009 through December 31, 2012 remain open for the examination by taxing authorities as of the date of this report.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(1) Nature of Organization and Significant Accounting Policies, Continued

(k) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

(2) Investments

IUPAC's investments are held by Wells Fargo Advisors. The following tables present the fair value of those investments (no individual investment represents ten percent or more of net assets):

	Number of shares/par	2012		
		Level 1	Level 2	Total
Mutual funds	-	\$ 1,371,701	-	1,371,701
Preferred fixed rate cap security (5.88%), matures June 2033	6,000	-	151,020	151,020
Corporate bonds (2.30% - 7.25%), with various maturities through February 2022	\$ 1,375,000	-	1,505,285	1,505,285
Foreign bonds (3.25%-6.5%), with various maturities through July 2018	\$ 600,000	-	840,309	840,309
FHLMC bond (4.75%), due January 2013	\$ 100,000	-	132,031	132,031
		\$ <u>1,371,701</u>	<u>2,628,645</u>	<u>4,000,346</u>

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(2) Investments, Continued

	Number of shares/par	2011		
		Level 1	Level 2	Total
Mutual funds	-	\$ 1,533,134	-	1,533,134
Preferred fixed rate cap security (5.88%), matures June 2033	6,000	-	150,060	150,060
Corporate bonds (4.75% - 7.38%), with various maturities through December 2018	\$ 1,325,000	-	1,435,671	1,435,671
Foreign bonds (4.38%-5.75%), with various maturities through February 2017	\$ 700,000	-	917,180	917,180
FHLMC bond (4.75%), due January 2013	\$ 100,000	-	134,027	134,027
		\$ 1,533,134	2,636,938	4,170,072

The cost of investments totaled \$3,768,139 and \$4,397,942 as of December 31, 2012 and 2011, respectively.

Investment return, net, consists of the following:

	2012	2011
Dividends and interest	\$ 165,053	177,220
Realized (losses) gains	(170,728)	3,382
Unrealized gains (losses)	460,077	(230,698)
Foreign exchange rate gains	4,886	77,147
	\$ 459,288	27,051

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(3) Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Equipment	\$ 63,628	63,628
Furniture and fixtures	48,877	48,877
Leasehold improvements	16,097	16,097
Website	<u>264,145</u>	<u>264,145</u>
	392,747	392,747
Less accumulated depreciation and amortization	<u>(342,252)</u>	<u>(253,875)</u>
	\$ <u>50,495</u>	<u>138,872</u>

(4) Leases

IUPAC leases its facilities under an operating lease, which began in March 1997. This lease has a term of ten years with options to extend the term of the lease for successive one-year periods not to exceed ten additional years. Building operating expenses totaled \$26,086 and \$28,098 in 2012 and 2011, respectively.

Future estimated minimum rental expenses consist of \$26,517 for the year ending December 31, 2013.

(5) Net Assets

Temporarily restricted net assets as of December 31, 2012 and 2011 consist of interest earned on permanently restricted net assets and one grant in 2011 that was not fully expended.

Permanently restricted net assets include donor-restricted endowment funds and consist of the Paulo Fransozini Endowment Fund totaling \$5,659, the CHEMRAWN VII Fund totaling \$48,698, and the Samsung General Chemicals Endowment Fund totaling \$138,000, as of December 31, 2012 and 2011. Income earned by the Paulo Fransozini Endowment Fund is restricted for awards to science students to attend particular IUPAC meetings. Income earned by the CHEMRAWN VII Fund is restricted for awards to support the work of the CHEMRAWN VII Future Actions Committee. Income earned by the Samsung General Chemicals Endowment Fund is restricted for awards to students and researchers in the field of polymer science and support of educational projects of the IUPAC Macromolecular Division. Such income is recorded as temporarily restricted when earned.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(5) Net Assets, Continued

The following represents changes in endowment net assets (all donor-restricted endowment funds) for 2012 and 2011 (does not include temporarily restricted net assets of \$85 related to one grant as of December 31, 2011):

	Temporarily <u>restricted</u>	Permanently <u>restricted</u>	<u>Total</u>
Endowment net assets, December 31, 2010	\$ 42,021	192,357	234,378
Investment interest income	11,693	-	11,693
Appropriation of endowment assets for expenditure	<u>(2,000)</u>	<u>-</u>	<u>(2,000)</u>
Endowment net assets, December 31, 2011	51,714	192,357	244,071
Investment interest income	12,436	-	12,436
Appropriation of endowment assets for expenditure	<u>(13,292)</u>	<u>-</u>	<u>(13,292)</u>
Endowment net assets, December 31, 2012	\$ <u>50,858</u>	<u>192,357</u>	<u>243,215</u>

(6) Concentrations of Credit and Market Risk

Financial instruments that potentially expose IUPAC to concentrations of credit and market risk consist primarily of cash equivalents, investments, and subscriptions receivable. Cash equivalents and investments are held by Wells Fargo Advisors, and no single investment exceeds ten percent of net assets. Subscriptions receivable are amounts due from national adhering organizations. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

National adhering organizations are billed their annual national subscriptions in their national foreign currency. As a result, IUPAC assumes the risk of changes in the foreign currency rates in relation to the United States dollar on these billings. IUPAC has made purchases of certain foreign currency-denominated investments in an effort to reduce the risk of foreign currency exchange losses on these billings when collected.

INTERNATIONAL UNION OF PURE
AND APPLIED CHEMISTRY

Notes to Financial Statements, Continued

December 31, 2012 and 2011

(7) Retirement Plans

IUPAC has established a defined contribution retirement plan. The plan covers all employees and offers 100% vesting after one year of service. IUPAC made no contributions to the plan in 2012 or 2011.

(8) Subsequent Events

The date to which events occurring after December 31, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is June 12, 2013, the date the financial statements were available to be issued.