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# IRRC

The Investor Responsibility Research Center has been the premier information service, since its founding in 1972, for institutional shareholders who wish to make independent assessments of the policies of their portfolio companies. Increasingly, IRRGS expertise in such diverse fields as corporate governance, South Africa, energy and defense also is being recognized by corporations, law firms, government officials, public relations professionals, journalists and others who follow public policy and regulatory issues.

IRRC, an independent, not-for-profit corporation, is dedicated to providing timely and impartial reporting and analysis on public policy issues that affect corporations and institutional investors. Much of the Center's research relates to issues raised in management and shareholder proposals\_issues that may concern the corporation's impact on society, the regulatory climate in which it does business, its relations with its shareholders, or its financial performance.

IRRC makes no recommendations about the subjects it covers. The impartiality of the Center's reports enhances their value to institutional investors wishing to evaluate issues according to their own investment criteria or proxy voting guidelines, or to other clients wishing to make their own assessments of corporate or institutional behavior.

IRRC's work is financed primarily by annual subscription fees. The Center is governed by a 21-member board of directors who represent subscribing institutions.

IRRC is registered as an investment adviser with the Securities and Exchange Commission.

For the Investor Responsibility Research Center, 1985 was a year of growth and recognition. Staff mem-

bers, expertise in corporate governance, South Africa and energy were sought in consulting contracts by such clients as the US. Labor Department, Battelle Memorial Laboratories and a consortium of 55 colleges and universities, and IRRC publications were discussed in major newspapers and magazines. A 25 percent increase in the number of IRRC subscribers and strong publications sales attested to the growing public interest in IRRC and contributed to our best financial year ever.

South Africa: South Africa dominated the headlines in 1985 as Americans, prompted by the award of the Nobel Peace Prize to Bishop Desmond Tutu and the daily protests in front of the South African embassy, focused attention on that country and its racial policies. As public interest in South Africa grew, so did recognition of IRROS work in this area. Foreign Investment in South Africa, our directory of the US. companies and banks that have investments in South Africa, received mention in The New York Times, The Washington Post and other newspapers, as it became the accepted reference on the subject for institutional investors with South Africa investment guidelines. In addition, a consortium of universities, formed by 15 members a year earlier to finance additional research by IRRC on issues of common concern related to South Africa, renewed its contract and expanded to 55 members. In 1985, IRRC conducted research and prepared reports for the consortium on several issues, including how American universities might assist the education of black South Africans, how black South Africans view disinvestment, and whether signing the Sullivan principles has an impact on the labor practices of US. companies in South Africa.

In 1985, IRRC launched two new quarterly publications for subscribers to our South Africa Review Service. Divestment Action

Roundup provides an overview of measures proposed or adopted by American states, Cities and counties to restrict investment of public funds in companies or banks that invest in South Africa. Directory Update provides current information on the South African operations of U.S. companies and on the South African lending policies of major US banks to subscribers who rely on Foreign Investment in South Africa. We also published in-depth profiles of the South African operations of 12, major US. companies, based on on-site visits by IRRC staff in 1984, and several major studies, including The Impact of South Africa-Related Divestment on Equity Portfolio Performance. We plan to publish a new edition of the directory of US. companies and banks investing in South Africa in 1986. In 1985, two staff members made a research trip to South Africa to review political and social developments in that country. Upon their return, they held the third annual report-back for South Africa Review Service subscribers, offering their analysis of the current situation in South Africa and making predictions on the political and investment climate there over the short term.

#### Corporate governance:

In 1985, IRRC's Corporate Governance Service expanded the universe of companies that it follows from 750 to approximately 1,000 and issued several major publications. These included four in-depth studies: an analysis of the impact of antitakeover charter amendments on contests for corporate control; a directory listing antitakeover Charter amendments that have been adopted by S&P 500 corporations; a survey of the recent federal-state conflicts involving tender offer regulation; and an analysis of the effects of institutional investors on takeover activity. Early in 1986, we issued three more studies, one analyzing the financial characteristics of

takeover targets, another  
examining the conse-  
quences of the proposal by  
the New York Stock Ex-  
change to change its one  
share, one vote rule, and the  
third reviewing recent de-

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velopments in corporate proxy contests.

The expertise of the Corporate Governance Service was tapped by several institutions in addition to our subscribers in 1985. During the year, we completed a consulting contract with the US. Department of Labor that included a review of its role in regulating pension funds and the policy options available to the department. In connection with this research, we testified before hearings held by the Department of Labor and the Senate Subcommittee on Oversight of Government Management. Finally, we provided guidance to NBC News in preparing a documentary that aired in July concerning the role of pension funds in the US. economy.

Energy: The year 1985 was busy for the energy staff as they completed a directory of non-utility renewable electricity development and began work under two consulting contracts. The directory, Power Plays, profiles more than 100 companies involved in six renewable technologies and provides the most comprehensive look available at the future of this industry. Under one of the new contracts, IRRRC delivered preliminary data to Battelle Memorial Laboratories for a study of electric utility demand-side management programs that Battelle is conducting for the Electric Power Research Institute. Under a second contract, IRRRC will investigate, in cooperation with the Renewable Energy Institute, the critical factors affecting institutional investment in renewable energy technologies. The Solar Energy Research Institute, a research arm of the US. Department of Energy, is sponsoring this work.

Military: Early in 1985, we published Stocking the Arsenal, a unique survey providing detailed information on the major defense programs of the 84 largest publicly held U.S. suppliers of equipment and

support services for national defense. The survey also definitively ranks the 50 leading nuclear weapons producers and analyzes trends in the defense industry. Our companion 1984 survey, *The Nuclear Weapons Industry*, continued to enjoy strong sales in 1985. During the year we also began work on a study of foreign military sales, with profiles of 20 U.S. companies.

**Shareholder activity:** A key component of IRRCLs work in 1985 was our continued analysis of the many domestic and international public policy issues raised in shareholder resolutions proposed to the country's leading corporations. Our Social Issues Service published proxy issues reports on 50 resolutions concerning corporate activity in South Africa, Latin America and other foreign countries; nuclear and space weapons production and military contracts; nuclear power and related energy matters; corporate political contributions; religious discrimination in Northern Ireland; the international debt crisis; equal employment opportunity; and other issues. Early in 1985, a proxy season roundtable organized by IRRCL brought subscribers up-to-date on the shareholder resolutions and management proposals to expect in the 1985 proxy season, and another was scheduled for early in 1986.

**Financial:** Capping our 13th successive year of increased revenues, IRRCL completed 1985 on its strongest financial footing ever, generating \$1,421,955 in revenues, compared with \$980,270 in 1984. This increase was a result of a successful marketing effort, which brought in some 40 new subscribers and boosted our publication sales, and growing contract revenues. Reflecting this growth, IRRCLs staff also expanded, from 18 to 25, requiring us to move to more spacious quarters early in 1986.

**Outlook:** Looking to the future, we plan to maintain the scope and quality of our



three services as we continue to monitor the concerns that may produce the corporate responsibility issues of tomorrow. Further details on the research provided under each of our services and publications planned for 1986 can be found in the next four pages of this annual report. We believe that they demonstrate IRRCls commitment to maintaining the high standards that our clients have come to expect from our research services as we analyze the changing social and public policy issues confronting corporations and their investors.

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Albert J . Wilson

Chairman

Margaret Carroll

Executive Director

Social

Issues

Service

IRRCIs Social Issues Service provides research and analysis on shareholder resolutions that raise social responsibility issues. Social Issues Service reports are essential for institutional investors that vote on shareholder resolutions as a way of influencing corporate policies that have an impact on society, and for clients that view shareholder resolutions as early indicators of the public concerns that may result in regulatory action with financial consequences for the companies involved. Accordingly, the Social Issues Service not only provides early notification of the social responsibility shareholder resolutions that will be raised throughout the year, but supplies clear, thoughtful analyses of the issues raised by these resolutions and of the regulatory and political climate in which they arise.

0 News for Investors, a monthly newsletter, provides complete descriptions of all social responsibility shareholder resolutions submitted for inclusion in corporations proxy statements. Beginning in January, a handy Checklist\_organized alphabetically by company and updated monthly throughout the proxy season shows the subject and sponsor of each resolution and the date of the annual meeting, enabling the subscriber to establish a schedule for considering the proposals. Through the rest of the year, News for Investors reports on the status of these resolutions as they come to votes at corporations' annual meetings.

News for Investors also keeps subscribers up-to-date on developments affecting corporate social responsibility in such areas as investment in South Africa, energy, military issues and the environment. News for Investors also provides extensive coverage and anal-

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bility in such areas as investment in South Africa, energy, military issues and the environment. News for Investors also provides extensive coverage and anal-

ysis of the effect of the rules  
of the Securities and Ex-  
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erning shareholder access  
to corporations proxy  
statements.

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O Proxy Issues Reports,  
mailed to subscribers three  
weeks before each corpo-  
ration's annual meeting,  
provide objective coverage  
of the issues raised in each  
social responsibility share-  
holder resolution. For each  
Proxy Issues Report, IRRC  
analysts interview the pro-  
ponent of the shareholder  
resolution and a represent-  
ative of the company at  
which it is pending. They  
also conduct independent  
research into topics having  
a direct bearing on each res-  
olution. Using the Proxy Is-  
sues Reports, subscribers  
can make informed judg-  
ments about resolutions,  
both in reviewing the issues  
and in voting proxies.

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Stocking the l

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a guide to the nations

top military contractors

Llnrhx S. Shuw, Jeffrey W. Knopf

and Kenneth A. licsch

Investor Responsibility Rcscxlrch Caller

O How Institutions

Voted, published every fall,  
summarizes the results of  
IRRC's annual poll of voting  
by institutional investors on  
social responsibility share-  
holder resolutions during  
the year. This report shows  
the votes of individual in-  
stitutions, looks at trends,  
discusses in depth five or  
more shareholder issues  
that dominated the proxy  
season, and provides a final  
checklist of the resolutions  
brought to votes and the lev-  
els of support they received.

O Periodic special re-  
ports analyze economic, so-  
cial and political issues. Re-  
cent studies have included a  
survey of the top 84 US. de-  
fense contractors and an  
overview of the nuclear  
weapons industry. Special  
reports in 1986 will include  
a directory of the major non-  
utility alternative energy  
producers, an assessment of  
corporate philanthropy

during the Reagan administration, and a study of foreign military sales profiling 20 US. companies.

Corporate  
Governance  
Service

The last several years have witnessed a dramatic change in the role that institutional investors play as shareholders of major companies. Increasingly, institutions have discarded the passive investment approach dictated by the Wall Street Rule for a more active role in corporate governance, displaying a new willingness to vote independently on both management and shareholder proposals that may affect the value of corporate assets or the rights of shareholders, IRRCLs Corporate Governance Service was established in 1982 to provide information and analysis on a variety of corporate governance issues, including antitakeover proposals, executive compensation, and proxy contests for control, and to survey and assess the involvement of institutional investors in the disposition of these issues.

0 Background reports examine the key corporate governance issues that shareholders are likely to face. These reports, on greenmail, leveraged buyouts, antitakeover charter amendments, "poison pills," executive compensation policies, the role and composition of corporate boards, and other recurrent issues, provide an excellent basis for developing or reevaluating voting policies.

0 An annual meeting Calendar lists meeting dates for the companies whose proxy materials the Corporate Governance Service will review during 1986. The purpose of the Calendar is to provide as much advance notice as possible of annual meeting dates and to assist subscribers in planning and organizing their proxy review activities. Updated frequently, the Calendar serves as a Checklist and organizing tool during the spring proxy season and throughout the year.

0 Corporate Governance Digest summarizes and analyzes both manage-

ment proposals and share holder resolutions that will come to votes at the annual meetings of approximately 1,000 major companies. By providing a succinct summary of the key features in each proposal, the Digest greatly simplifies voting for institutions that have developed policies on anti-takeover proposals, stock option plans and other recurrent issues. The Digest also analyzes individual proxy contests for control, tender offer bids and other proposals at specific companies that may have important consequences for business policy, corporate structure, or shareholder rights, assisting clients in making voting decisions that may significantly affect the value of their investments.

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0 Voting by Institutional Investors on Corporate Governance Questions, an annual survey, reviews the voting policies of major institutions and how those institutions voted on key corporate governance issues during the year. The survey also reports the results of votes on antitakeover proposals and other significant issues at individual companies.

0 Corporate Governance Bulletin, a quarterly newsletter, provides continuous coverage of corporate activities, government developments, activities of institutional investors and other items of interest to those concerned with corporate governance developments.

0 Periodic indepth studies examine the impact of current developments on investors and provide information about corporate practices in the area of corporate governance. Recent studies have investigated how antitakeover charter amendments affect contests for control, reported on antitakeover charter amendments that have been adopted by S&P 500 companies, reviewed federal-state conflicts involving

tender offer regulation, and analyzed the effects of institutional investors on takeover activity. In 1986, the indepth studies will include an analysis of the financial characteristics of takeover targets, an assessment of the controversy over unequal voting rights for shareholders in public corporations and a review of recent developments in involving corporate proxy contests.

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Africa

Review

Service

Whether American corporate involvement in South Africa helps to maintain institutionalized racial discrimination there or serves as a force for progressive change has been the theme of a continuing debate involving activists, corporations, scholars, and public policymakers. To enlighten this debate, IRRCLs South Africa Review Service reviews the operations of U.S. companies in South Africa and the political and economic developments there that affect the conduct of business. This service also covers developments in the United States, ranging from divestment campaigns to changes in government policy, that affect the activities of U.S. corporations and banks in South Africa. Much of the information is gathered by IRRCL analysts in annual visits to South Africa. 0 A directory of U.S. investment in South Africa, which is updated periodically, provides the most thorough listing available of the approximately 260 U.S. companies with operations in South Africa, and describes the South African lending policies of the 100 largest U.S. banks. Entries of U.S. companies give the names, locations and principal lines of business of their South African operations, the sales and assets of each, and a breakdown of the work force by race. Where the parent company has signed the Sullivan principles, the entry shows its Sullivan ratings for the last three years. The December 1984 edition of the directory, Foreign Investment in South Africa, also lists the British and Canadian companies that have investments there. The next FOREIGN INVESTMENT in SOUTH AFRICA stsvoa ummun nlsukcn (mm mc edition of the directory is scheduled for publication in mid-1986. Up. X I E



0 Directory Update, a quarterly publication soon to be published on a monthly basis, lists the U.S. companies that have recently entered or withdrawn from South Africa, signed the Sullivan principles, or withdrawn from the Sullivan effort. The Directory Update also describes any Changes in the South Africa lending policies of major US. banks. The Directory Update thus keeps subscribers up-to-date on the status of U.S. companies and banks doing business in South Africa in between editions of IRRC,s directory of U.S. investment in South Africa.

0 South Africa Reporter, a quarterly newsletter, reports on the events and trends that will shape the future of South Africa and how these developments affect U.S. corporations with operations there. A regular feature in each issue is iiLabor Relations Update," which notes major labor relations developments;such as recognition agreements with black unionsiat individual U.S. companies.

0 Divestment Action Roundup, published quarterly, provides updates on proposals by American states, Cities and counties to restrict investment of public funds in companies or banks that invest in South Africa. For pending legislation, the Divestment Action Roundup lists the bill number, the sponsor and the content of the proposed measure. The Roundup then follows the status of each

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proposal throughout the legislative session, reporting Whether it is passed, defeated or carried over into the next session.

0 Periodic indepth reports provide more thorough coverage of issues concerning U.S. companies in South Africa, Recent reports have assessed the impact that a South Africa-free investment policy would have on equity portfolio performance and analyzed whether signing the Sulli-

van principles makes a difference in the labor practices and other activities of U.S. companies in South Africa. Reports in 1986 will include an examination of how major universities have responded to the divestment campaign and other forms of student activism over South Africa, an analysis of the role of the South African business community in lobbying for political reforms, and an overview of black South Africans views on foreign disinvestment from their country.

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## Subscribers

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Drew University  
Duke University  
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Emory University  
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Lawrence University  
University of Louisville  
Macalester College  
Marquette University  
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Technology  
University of  
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McGill University  
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University of Minnesota  
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University  
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Pension System  
Minnesota State Board of  
Investment  
Missouri State Employees  
Retirement System  
City of New Haven  
State of New J ersey  
New York City Pension  
Funds  
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FiremenTs Retirement

System  
New York State TeachersT  
Retirement System  
City of Omaha  
Pennsylvania State  
Treasury Department  
Police and FiremenTs  
Disability and Pension  
Fund of Ohio  
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(Massachusetts)  
Public Employees  
Retirement Assoc. of  
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Public EmployeesT  
Retirement System of  
Mississippi  
State of Rhode Island  
San Francisco City 8?  
County Employees'  
Retirement System  
State of Wisconsin  
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the Capuchin Order  
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Business School; Trustee/  
Director, various Alliance  
Capital Management  
Funds, Chemical Fund,  
Surveyor Fund; Director  
and Treasurer, Catalyst;  
Member, Investment  
Advisory Committee of  
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Chairman 1977-79r  
Vice President and  
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Asset Management Inc.  
Clinton L. Stevenson  
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Administration, The Ford  
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77y  
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Formerly associate  
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Social Issues Service  
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Hillel Gray.

Formerly executive  
director of Citizenst  
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Policy. BA, Yale College.

Research Analyst:

Julia E. Ellis.

BA, Yale College.

Research Analyst:

Paul L. Ferrari.

Formerly research  
analyst with the Arms  
Control Association;  
project director at  
Carnegie Endowment for  
International Peace. BA,  
University of Michigan.  
Corporate Governance  
Service

Director:

James E. Heard.

Deputy Director of IRRRC.

Formerly policy adviser

to the US. Department

of Commerce; reporter

for National Journal.

BA, Harvard College; J D,

George Washington

University.

Senior Analyst:

Ronald E. Schrager.

Formerly research

assistant with ICF Inc.,

a public policy

consulting firm. BA,

University of

Pennsylvania.

Research Analyst:

Sharon Pamepinto.

Formerly research

assistant With ICF Inc.,

a public policy

consulting firm. BA,

University of Virginia.

South Africa Review

Service

Director:

David P. Hauck.

Formerly research

analyst with the House

Subcommittee on

International

Organizations; social

science consultant at the  
Rand Corp. BA, Oberlin  
College; MA, University  
of Michigan.  
Assistant Director:  
Meg Voorhes.  
Formerly executive  
administrator With the  
Almerican Committee on  
East-West Accord. BA,  
Wesleyan University.  
Senior Analyst:  
Michael Sinclair.  
Formerly director of  
U.S.-South Africa Leader  
Exchange Program;  
lecturer at University 01"  
the Witwatersrand. MA,  
University of Pretoria;  
PhD, University of  
Leicester.  
Research Analyst:  
Catherine Bowers.  
BA, Bryn Mawr College.  
Research Analyst:  
Christopher Coons.  
BA, Amherst College.  
Research Analyst:  
Alison Cooper.  
BA, Smith College.  
Energy Program  
Director:  
Scott Fenn.  
Treasurer of IRRRC. BA,  
Williams College.  
Senior Analyst:  
Douglas Cogan.  
BA, Williams College.  
\_\_\_\_9\_\_\_\_Q\_\_\_\_  
Staff  
Research Analyst:  
Susan Williams.  
Formerly administrative  
officer of Energy and  
Environmental  
Engineering Inc. BA,  
Williams College.  
Director of Marketing:  
David Popper.  
Formerly senior  
associate at Harlan  
Brown and Co. BS,  
Wharton School,  
University of  
Pennsylvania.  
Office Manager:  
Shirley Carpenter.  
Corporate Secretary of  
IRRRC.  
Administrative Assistant:  
Phyllis J ohnson.  
Secre tary/Libram'an:  
Charine Adams.  
Research Assis tan ts:  
Marilyn L. J onnes.  
Virginia Rosenbaum.  
Micheline Tusenius.  
W

A\_Lh  
 Financial  
 Statements  
 To the Board of Directors of  
 Investor Responsibility Re-  
 search Center Inc.:  
 We have examined the  
 statements of financial con-  
 dition of INVESTOR RE-  
 SPONSIBILITY RESEARCH  
 CENTER INC. (a District of  
 Columbia nonprofit corpo-  
 ration) as of December 31,  
 1985 and 1984, and the re-  
 lated statements of reve-  
 nues, expenses and changes  
 in fund balance and changes  
 in financial position for the  
 years then ended. Our ex-  
 aminations were made in  
 accordance with generally  
 accepted auditing stan-  
 dards and, accordingly, in-  
 cluded such tests of the ac-  
 counting records and such  
 other auditing procedures  
 as we considered necessary  
 in the circumstances.  
 In our opinion, the finan-  
 cial statements referred to  
 above present fairly the fi-  
 nancial position of Investor  
 Responsibility Research  
 Center Inc. as of December  
 31, 1985 and 1984, and the  
 results of its operations and  
 the changes in its financial  
 position for the years then  
 ended, in conformity with  
 generally accepted account-  
 ing principles applied on a  
 consistent basis.  
 MWfa-  
 Washington, D.C.,  
 February 10, 1986.  
 INVESTOR RESPONSIBILITY RESEARCH CENTER INC.  
 STATEMENTS OF FINANCIAL CONDITION  
 AS OF DECEMBER 31,  
 ASSETS  
 CASH  
 INVESTMENTS (Note 5)  
 ACCOUNTS RECEIVABLE (Note 1)  
 DEPOSITS, prepaid expenses and advances  
 FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS, at cost, net  
 of accumulated depreciation of \$85,841 in 1985 and \$63,912 in 1984  
 (Note 1)  
 LIABILITIES AND FUND BALANCE  
 ACCOUNTS PAYABLE AND ACCRUED EXPENSES  
 DEFERRED GRANT REVENUES  
 SUBSCRIPTIONS COLLECTED IN ADVANCE  
 (Note 1)  
 FUND BALANCE  
 Thu1111(111114121113'1115:lcl':\$'Hilly'LIHLLlhthIHIV'hIJ ur LIL1111171111.r117111:1111'1'  
 1'ALUFIIJ'IZIA  
 1985  
 35 1,614  
 453,894  
 86,775  
 19,765  
 118,671  
 \$680,719

\$111,100  
7,403  
360,131  
478,634  
202,085  
\$680,719  
1984  
\$ 16,955  
266,544  
51,062  
12,941  
115,136  
\$462,638  
\$ 46,078  
32,223  
274,332  
352,633  
110,005  
\$462,638

INVESTOR  
RESPONSIBILITY  
RESEARCH CENTER INC.  
NOTES TO FINANCIAL  
STATEMENTS  
DECEMBER 31, 1985 AND  
1984

6 (1) SUMMARY OF ACCOUNTING POLICIES  
Investor Responsibility  
Research Center Inc. (the uCenteIW) recognizes subscription income as earned; accordingly, the excess of actual cash received over subscription income earned has been reported as subscriptions collected in advance in the accompanying financial statements. The Center has agreements with various securities dealers whereby the dealers purchase the Center's services for reissuance to their clients. The excess of income earned over actual cash received under these agreements (\$41,858 in 1985 and \$50,970 in 1984) has been included in accounts receivable in the accompanying financial statements.  
For financial reporting purposes, the Center provides depreciation over the estimated useful lives of the related assets (currently five or ten years).  
Leasehold improvements are depreciated over the remaining life of the lease. Certain reclassifications to the 1984 balances have been made in order to present the 1984 balances consistent with the 1985 balances.

(2) COMMITMENTS  
In 1985, the Center entered into a five-year operating lease for its new headquarters. At December 31, 1985, the future minimum lease payments are as follows:

Year	Amount
1986	\$114,142
1987	124,116
1988	159,655
1989	139,635
1990	139,655
After 1990	11,656
	\$668,799

INVESTOR RESPONSIBILITY RESEARCH CENTER INC.  
STATEMENTS OF CHANGES IN FINANCIAL POSITION FOR THE YEARS ENDED  
DECEMBER 31,  
SOURCES OF FUNDS:  
Operations-

Net income  
 Depreciation and amortization (not requiring a current cash outlay)  
 Funds from operations  
 Increase in subscriptions collected in advance  
 Increase in deferred grant revenues  
 Increase in accounts payable and accrued expenses  
 Decrease in deposits, prepaid expenses and advances  
 APPLICATION OF FUNDS:  
 Decrease in deferred grant revenues  
 Increase in investments  
 Increase in accounts receivable  
 Increase in deposits, prepaid expenses and advances  
 Additions to furniture and equipment  
 Increase (decrease) in cash  
 The accompanwng notes L0 611211101211 statements are an mtegral part of these statements  
 1985 1984  
 8 92,080 5 6,146  
 45,058 28,068  
 157,158 54,214  
 85,799 110,079  
 7 6,511  
 65,025 19,757  
 - 5,461  
 \$287,960 \$174,002  
 35 24,820 \$ 4  
 187,550 110,555  
 55,715 2,672  
 6,824 a  
 48,594 46,224  
 (15,541) 14,573  
 \$287,960 \$174,002



(5) EMPLOYEE BENEFITS

The Center maintains a defined-contribution pension plan. The contributions to the pension plan for 1985 and 1984 were \$27,628 and \$29,999, respectively. There is no unfunded past service cost for the plan. Effective October 1, 1984, the Center initiated a 401(k) savings plan for all employees. The Center's contributions to the plan for 1985 and 1984 were \$14,998 and \$5,100, respectively. For employees enrolled in the Center's employee pension plan, the Center reduces its contributions on their behalf to the pension plan by the amount it contributes instead to the 401(k) plan.

(4) TAXES ON EARNINGS

The Center was organized and incorporated as a, non-profit organization but has not been granted tax-exempt status. A provision for federal and state income taxes of \$51,000 was recorded as of December 31, 1985, which includes the utilization of all investment tax credit carryforwards.

(5) INVESTMENTS

The Center invests in the Fund for Government Investors Inc. (the "Fund") - a cash management fund which invests in US. government securities) and a money market account with a bank.

As of December 31, 1985, the Center had invested \$157,061 in the Fund and \$516,855 in the money market account. As of December 31, 1984, the Center had invested \$266,544 in the Fund.

INVESTOR RESPONSIBILITY RESEARCH CENTER INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE FOR THE YEARS ENDED DECEMBER 31,

REVENUES:

Subscriptions (Note 1)  
Newsletters and publications  
Contracts and grants  
Interest  
Other income

EXPENSES:

Salaries and employee benefits (Note 5)  
Publication expenses  
Rent and utilities (Note 2)  
Office supplies and expenses  
Professional services  
Depreciation and amortization (Note 1)  
Travel  
Miscellaneous  
Income before income taxes

PROVISION FOR INCOME TAXES

(Note 4)

NET INCOME

FUND BALANCE, beginning of year

FUND BALANCE, end of year

1985

\$1,092,826

198,527

105,870

22,858

1,894

1,421,955

696,808

268,445

90.790

75,267

72,126

45,058

56,549

14,054

1,298,875

125,080

51,000

92,080

110,005

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1984

\$795,256

85,965

79,855

17,189

2,009

980,270

552,528

169,845

74,257

70,590

45,549

28,068

20,965

12,524

974,124

6,146

6,146

105,859

\$110,005

#### Subscription information

IRRGs services are available by subscription\_either directly from IRRc or from one of several broker-age firms that, have signed contracts to purchase IRRc'S research service for reissuance to their clients. Subscription rates, names of these broker-age firms, and information on subscription pro-cedures will be furnished upon request.

Most. IRRc reports also may be purchased sepaA rately. A current list of titles and prices is available.

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