

**BACHELOR, TILLERY & ROBERTS, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
POST OFFICE BOX 18068  
RALEIGH, NORTH CAROLINA 27619

RONALD A. BACHELOR  
ANN H. TILLERY  
FRANKLIN T. ROBERTS  
GREGORY H. BRILEY  
WM. JAMES BLACK, JR.

4700 HOMEWOOD COURT, SUITE 300  
RALEIGH, NORTH CAROLINA 27609  
TELEPHONE (919) 787-8212  
FACSIMILE (919) 783-6724

**Independent Auditors' Report**

The Executive Committee  
International Union of Pure and Applied Chemistry:

We have audited the accompanying statements of financial position of the International Union of Pure and Applied Chemistry ("IUPAC") as of December 31, 1999 and 1998, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of IUPAC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 International Union of Pure and Applied Chemistry as of December 31, 1999 and 1998, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*Bachelor, Tillery & Roberts, LLP*

February 24, 2000

<b>Investment Account (in USD)</b>	<b>Market Value 12/31/97</b>	<b>Market Value 12/31/98</b>	<b>Market Value 12/31/99</b>
<b>Reserve Fund</b>	2 172 515	2 500 837	2 860 943
<b>Southern Hemisphere Sinking Fund</b>	100 000	150 000	200 000
<b>Endowment Fund</b>	343 800	563 603	632 926
<b>Endowment Fund Reserve</b>	439 605	219 802	246 838
<b>Total Long Term Portfolio Value</b>	3 055 920	3 434 242	3 940 707
<b>Annual Percentage Change in Value</b>		12.4%	14.7%
<b>Biennium Percentage Change in Value</b>			29.0%

### Budget vs. Expense 1998–99 (USD, thousands)

	<b>1998–99 Biennium (Actual)</b>	<b>1998–99 Biennium (Budget)</b>	<b>1998–99 Biennium (Over/Under)</b>	<b>1996–97 Biennium (Actual)</b>
<b>INCOME</b>				
<b>National Subscriptions</b>	1 332.7	1 350.0	(17.3)	1 278.1
<b>Service Charges</b>	15.5	25.0	(9.6)	17.5
<b>Interest &amp; Dividends Earned</b>	193.4	220.0	(26.6)	249.5
<b>Other Income/Restricted Income</b>	64.2	22.0	42.2	10.3
	1 605.8	1 617.0	(11.3)	1 555.4
<b>Publications</b>				
Blackwell	762.9	650.0	112.9	669.4
Other Publishers	57.2	20.0	37.2	27.8
Blackwell Science Grant	40.0	40.0	-	40.0
	860.1	710.0	150.1	737.2
<b>Affiliate Membership Program</b>				
Contributions	133.4	110.0	23.4	139.9
Royalties-Blackwell	-	2.0	(2.0)	3.0
Ties & scarves	0.3	0.2	0.1	0.3
	133.7	112.2	21.5	143.2
<b>Total Income</b>	2 599.4	2 439.2	160.3	2 435.8

**Budget vs. Expense 1998–99 (USD, thousands) (continued)**

	1998–99 Biennium (Actual)	1998–99 Biennium (Budget)	1998–99 Biennium (Over/Under)	1996–97 Biennium (Actual)
<b>EXPENSE</b>				
<b>Governance Expense</b>				
Officers	33.1	16.0	17.1	6.0
Restructuring Activities	7.1	-	7.1	51.5
Relocation of Secretariat	-	-	-	187.7
Contributions to ICSU	46.9	45.0	1.9	42.6
<b>Total (Governance)</b>	<b>87.1</b>	<b>61.0</b>	<b>26.1</b>	<b>287.8</b>
<b>Administrative Expense</b>				
Secretariat (General)	709.8	684.2	25.6	599.9
Accounting, Audit & Bank Fees	64.9	30.0	34.9	43.8
Other expense	24.1	-	24.1	43.0
Handbook	20.5	17.0	3.5	14.9
<b>Total (General)</b>	<b>819.3</b>	<b>731.2</b>	<b>88.1</b>	<b>701.6</b>
Secretariat (Publications)	1.5	-	1.5	285.5
Misc. Exp.	23.9	60.0	(36.1)	61.4
<b>Total (Publications)</b>	<b>25.4</b>	<b>60.0</b>	<b>(34.6)</b>	<b>346.9</b>
Secretariat (AMP& Fellows)		-		28.7
CI & leaflets	90.8	100.0	(9.2)	99.3
Misc. Exp.	4.0	8.0	(4.0)	7.4
<b>Total (AMP &amp; Fellows)</b>	<b>94.8</b>	<b>108.0</b>	<b>(13.2)</b>	<b>135.4</b>
<b>Total Secretariat (w/o Acctng. Trans.)</b>	<b>939.5</b>	<b>899.2</b>	<b>40.2</b>	<b>1 183.9</b>
<b>Accounting Transactions</b>				
Depreciation, etc.	21.2	40.0	(18.8)	33.8
Foreign Exchange Diff.	0.8	-	0.8	(3.5)
Bad Debts Provision	16.8	-	16.8	(9.1)
<b>Total (Accounting Transactions)</b>	<b>38.8</b>	<b>40.0</b>	<b>(1.2)</b>	<b>21.2</b>
<b>Total Secretariat (w/ Acctng. Trans.)</b>	<b>978.3</b>	<b>939.2</b>	<b>39.0</b>	<b>1 205.1</b>
<b>Operations Expense</b>				
Standing Committees	138.8	163.5	(24.7)	120.1
Divisions & Sections	401.8	418.5	(16.7)	319.4
Special Projects	37.3	26.0	11.3	-
Chem. Weapons	4.7	18.0	(13.3)	-
Chem. Intl. for Members	37.7	46.0	(8.3)	44.4
General Assembly	464.7	510.0	(45.3)	425.4
Representatives on Other Orgs.	20.8	21.0	(0.2)	12.8
Contingencies	-	60.0	(60.0)	-
<b>Total (Operations)</b>	<b>1 105.8</b>	<b>1 263.0</b>	<b>(157.2)</b>	<b>922.1</b>
<b>Restricted Expenses</b> (CHEMRAWN, ICSU, JCAMP, UNESCO)	<b>54.9</b>	<b>-</b>	<b>54.9</b>	<b>-</b>
<b>Total Expense</b>	<b>2 226.1</b>	<b>2 263.2</b>	<b>(37.2)</b>	<b>2 415.0</b>
<b>Net Income (Expense)</b>	<b>373.3</b>	<b>176.0</b>	<b>197.5</b>	<b>20.8</b>