

**Financial Statements
Year Ended
December 31, 2014**

American Thyroid Association, Inc.

American Thyroid Association, Inc.

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Independent Auditors' Report

Board of Directors
American Thyroid Association, Inc.

We have audited the accompanying financial statements of the **American Thyroid Association, Inc.** (a nonprofit organization) which comprises the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 auditor's 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 auditor considers 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 **American Thyroid Association, Inc.** as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses and comparison to budget on pages 17 to 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dalal + Company

Alexandria, Virginia
May 11, 2015

American Thyroid Association, Inc.

Statement of Financial Position

December 31, 2014

Assets	
Current assets	
Cash and cash equivalents	\$ 1,159,076
Receivables	124,911
Prepaid expenses	18,810
Total current assets	1,302,797
Property and equipment, net	86,818
Investments	5,590,799
Other assets	
Deposits	12,084
Thyroid library	18,865
Trademarks, net	1,733
	<u>\$ 7,013,096</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 62,520
Deferred revenue	364,987
Total current liabilities	427,507
Deferred rent	33,450
Total liabilities	460,957
Net assets	
Unrestricted	2,013,751
Unrestricted, board designated	506,514
Total unrestricted net assets	2,520,265
Temporarily restricted	972,009
Permanently restricted	3,059,865
Total net assets	6,552,139
	<u>\$ 7,013,096</u>

The accompanying notes are an integral part of these financial statements.

American Thyroid Association, Inc.
Statement of Activities

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
CME grants	\$ 240,900	\$ -	\$ -	\$ 240,900
Meeting registration	782,858	-	-	782,858
Other meeting revenue	628,787	-	-	628,787
Research grants	-	206,234	-	206,234
Publications and communications	425,164	-	-	425,164
Member dues	379,646	-	-	379,646
Individual and corporate donations	87,126	600	2,300	90,026
Member donations	22,711	44,890	2,800	70,401
Interest, dividends and realized gains	2,440	190,973	-	193,413
Non-cash contributions received - securities	-	1,038	-	1,038
Net assets released from restrictions	282,468	(282,468)	-	-
Total support and revenue	2,852,100	161,267	5,100	3,018,467
Expenses				
Program services				
Education				
Scientific meetings - venue to share knowledge and gather information on causes and cures of thyroid disease with professionals	1,177,288	-	-	1,177,288
Public, patient and professional awareness - provide the public and health professionals with information and education	468,104	-	-	468,104
Publications - provide information on research and treatments	377,937	-	-	377,937
Research - support to academic institutions and scientists to research thyroid disorders	430,058	-	-	430,058
Total program services	2,453,387	-	-	2,453,387
Management and general	84,325	-	-	84,325
Fundraising - secures charitable financial support and compliance	49,633	-	-	49,633
Total expenses	2,587,345	-	-	2,587,345
Operational support and revenue in excess of expenses	264,755	161,267	5,100	431,122
Net unrealized gains (losses)	667	(132,399)	-	(131,732)
Change in net assets	265,422	28,868	5,100	299,390
Net assets, beginning of year	2,254,843	943,141	3,054,765	6,252,749
Net assets, end of year	\$ 2,520,265	\$ 972,009	\$ 3,059,865	\$ 6,552,139

The accompanying notes are an integral part of these financial statements.

American Thyroid Association, Inc.

Statement of Cash Flows

Year Ended December 31, 2014

Cash flows from operating activities	
Change in net assets	\$ 299,390
Adjustments to reconcile to net cash from operating activities:	
Depreciation and amortization	26,725
Non-cash contributions received - securities	(1,038)
Cash receipts resulting from sale of donated financial assets	1,038
Net realized gain on investments	(17,327)
Net unrealized loss on investments	131,732
Change in:	
Receivables	(16,631)
Prepaid expenses	26,483
Deposits	(2,222)
Accounts payable and accrued expenses	10,521
Deferred revenue	(6,051)
Deferred rent	3,340
Net cash flows from operating activities	<u>455,960</u>
Cash flows from investing activities	
Investment purchases and reinvestments	(6,332,253)
Trademark costs	(1,925)
Proceeds from sale of investments	4,895,155
Purchase of property and equipment	(80,456)
Net cash flows from investing activities	<u>(1,519,479)</u>
Net change in cash and cash equivalents	(1,063,519)
Cash and cash equivalents, beginning of year	<u>2,222,595</u>
Cash and cash equivalents, end of year	<u>\$ 1,159,076</u>

The accompanying notes are an integral part of these financial statements.

American Thyroid Association, Inc.

Notes to Financial Statements

December 31, 2014

1. Organization and Nature of Activities

The *American Thyroid Association, Inc.* ("the Association" or "the ATA") is a nonprofit organization incorporated under the laws of the State of New York and is exempt from federal taxes under Internal Revenue Code Section 501(c)(3). The Association is organized and operated exclusively for charitable, scientific, and educational purposes, including the study and dissemination of knowledge regarding the basic and clinical aspects of thyroid physiopathology. Sources of revenue include grants for research and education, member dues, donations, publications and meetings.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial records are maintained on the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. The Association records contributions when they are unconditionally promised or received. Donor-restricted contributions whose restriction criteria are met in the same reporting period are shown as temporarily restricted net assets released from restrictions and are transferred to unrestricted net assets.

Basis of Presentation

In accordance with U.S. generally accepted accounting principles (GAAP), the Association classifies resources for accounting and reporting purposes into three net asset categories according to the externally (donor) imposed restrictions. A description of the three net asset categories follows:

Unrestricted net assets include undesignated and board-designated net assets that are associated with the principal mission of the Association and that are not subject to donor restrictions.

Temporarily restricted net assets include funds for which donor-imposed restrictions have not been met. When the criteria for such restrictions have been met, the net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets include gifts that require, by donor restriction, that the principal be invested in perpetuity.

To ensure compliance with limitations and restrictions placed on the use of resources available to the Association, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, the assets, liabilities and fund balances of the Association are reported in fund groups as follows:

Unrestricted Funds

Operating Fund

The Operating Fund supports programs of the Association including education, research, public and professional awareness, program support, and the administrative and infrastructure operations necessary to support these programs for the benefit of the public.

Board Designated Funds

The Board has designated \$506,514 of unrestricted funds at December 31, 2014 as follows: \$320,000 to serve as an operational reserve; \$147,688 from a 2007 bequest to be spent for clinical initiatives; and \$38,826 from contributions received from a foundation which ceased operations, to be spent on patient education. These funds are invested in money market funds with a net asset value of \$1 per share and are included in cash and cash equivalents.

Temporarily Restricted Funds

ITC Travel Fund

The International Thyroid Congress (ITC), which first met in 1927, is a collaborative meeting held every fifth year by the four world thyroid societies – the Latin American Thyroid Association (LATS), the European Thyroid Association (ETA), the Asia & Oceania Thyroid Association (AOTA), and the ATA. Each society hosts the ITC on a rotating basis. The ITC Travel Fund represents the Association's share of the net revenue of the previous ITC. The funds are held for young investigator travel to the 2015 ITC meeting which will be hosted by the ATA in Lake Buena Vista, Florida. The balance in this fund at December 31, 2014 was \$16,321.

Research Fund

The Research Fund supports thyroid research and includes contributions from the Combined Federal Campaign, United Way and Independent Charities of America. The ATA is a Health and Medical Research charity under the Combined Federal Campaign. There were no temporarily restricted research funds at December 31, 2014.

Image Library Project

ATA received funds supporting an initiative to provide an imaging library available to the medical community on the ATA website. The balance in this fund was \$1,500 at December 31, 2014.

Ridgway Legacy Fund

This fund was established to support the E. Chester "Chip" Ridgway Trainee Conference to be held at each annual meeting of the ATA. The fund allows for the release of an administrative fee of 10% of donations received during the year. When donations reach \$100,000, the fund will become a permanent endowment. The balance in this fund was \$44,220 at December 31, 2014.

Endowment Appreciation

Absent donor-imposed restrictions, unspent investment returns from permanently restricted endowments are accumulated and presented as temporarily restricted funds which are subject to the Organization's investment spending policy as described in Footnote 7. The balance in this fund was \$909,968 at December 31, 2014.

Permanently Restricted Funds

Sidney H. Ingbar Fund

The Sidney H. Ingbar Fund (Ingbar Fund) supports an annual award recognizing outstanding academic achievements in the field of thyroidology consistent with the innovation and vision that epitomized Dr. Ingbar's brilliant investigative career. It is conferred upon an established investigator who has made major contributions in thyroid-related research over many years.

Endowment Fund

The Endowment Fund was established to ensure the future of the American Thyroid Association's scientific and educational programs for its members, and includes support for the Van Meter and Paul Starr Awards.

Campaign Fund

The Campaign Fund supports peer-reviewed clinical and basic science investigations of exceptional merit.

Stanbury Pathophysiology Award Fund

The Stanbury Pathophysiology Award Fund (Stanbury Fund) was established to perpetually fund the annual award of the Stanbury medal for contributions to thyroid pathophysiology.

University of Southern California Thyroid Research Group Fellows Fund

The University of Southern California Thyroid Research Group Fellows Fund (USC Fellows Fund) was established to support fellows' attendance at ticketed program events of the annual meeting of the Association.

Arthur Bauman Fund

The Arthur Bauman Fund (Bauman Fund) supports the presentation of advances of clinical investigation in thyroidology and promotes participation by younger members of the scientific community in the annual meeting. The Arthur Bauman Clinical Symposium is presented at each annual meeting.

Clark T. Sawin Endowment Fund

The Clark T. Sawin Endowment Fund (Sawin Fund) supports *The Clark T. Sawin History Resource Center*, an online thyroid history and archive resource, and the history vignette at the annual meeting.

Braverman Fund

This fund was established to support a Lewis E. Braverman Distinguished Lectureship Award to be presented at each annual meeting of the ATA. The award is given to an individual who has demonstrated a passion for mentoring and a dedication to advancing the understanding of thyroid disease. The fund allows for the release of an administrative fee of 10% of donations received during the year. The fund became a permanent endowment in 2011 when donations exceeded \$100,000.

New Accounting Pronouncement

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows*. ASU No. 2012-05 requires all cash receipts from the sale of donated financial assets to be classified as cash flows from operating activities unless donor restricted for long-term purposes or not converted nearly immediately into cash. ASU No. 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of demand deposits at banks and cash, money market accounts, and money market funds. The money market funds seek to preserve the daily net asset value of the investment at \$1 per share as quoted in an active market while providing maximum current income. The money market fund invests exclusively in short-term U.S. Treasury securities or in repurchase agreements backed by these securities. The Association considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all principal and income cash balances in the investment accounts, to be cash equivalents.

Investments

The Association's investments are reported at fair value, which is based on quoted market prices or dealer quotes. Unrealized and realized gains and losses are included in the statement of activities

as changes in net assets. Investments are exposed to certain risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities and the volatility in the capital markets, changes in the value of investment securities could occur in the near term and those values could materially differ from the amounts reported in the accompanying financial statements.

Fair Value of Financial Instruments

As of December 31, 2014, the carrying value of cash and cash equivalents, receivables, accounts payable and accrued expenses approximated their fair value, based on the short-term maturities of these instruments.

Thyroid Library

The library consists of donated books and are recorded based on a written appraisal from a book store owner. Management believes that the economic benefit of the library is used up so slowly that the estimated useful lives are extraordinarily long and, therefore, the books are not depreciated. Because of their cultural, aesthetic, or historical value, these assets are protected and preserved in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

Support, Revenues and Expenses

The Association records support, revenues and expenses on the accrual basis. Contributions are recorded in the funds in accordance with donor restrictions. The donor-restricted contributions whose restriction criteria are met in the same reporting period are shown as temporarily restricted net assets released from restrictions and are transferred to unrestricted net assets. Unrestricted donations are recorded in the operating fund. Temporarily restricted and permanently restricted donations are recorded in the respective restricted funds.

Receivables

The Association classifies all receivables as current assets, and provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Receivables deemed uncollectible are expensed based on credit evaluation and the specific circumstances of the parties involved.

Receivables as of December 31, 2014 include \$12,477 for meeting support, \$31,467 for donations, \$56,240 for 2014 journal royalties, \$19,727 for membership dues and \$5,000 for publication support. Management has determined all accounts are collectible and, therefore, there is no allowance for doubtful accounts at December 31, 2014.

Property and Equipment

Property and equipment are stated at cost and depreciation is calculated on a straight-line basis over the useful lives which currently range from 3 to 7 years. It is the Association's policy to capitalize assets purchased at a cost greater than \$1,000.

Donated Assets

Donated assets are recorded at the assessed fair value at the time of the donation.

Deferred Revenue

All member dues received prior to December 31 but relating to the subsequent year, are recorded as deferred revenue in the accompanying statement of financial position. Exhibitor fees collected in advance of the next year's annual meeting and grants in support of future projects are also included in deferred revenue.

At December 31, 2014, deferred revenue consisted of membership dues of \$354,717 and 2015 publication revenue of \$10,270.

Deferred Rent

The Association received a lease incentive from the landlord in the form of a construction allowance. The incentive and the escalating rent provisions are amortized on a straight-line basis over the life of the lease.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of Credit Risk

The Association maintains cash in bank deposit accounts that may at times exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. As of December 31, 2014, bank deposits exceeded FDIC limits by \$362,744. The Association has not experienced any losses as a result of the concentration, and management believes it is not exposed to any significant credit risk.

The Association maintains a concentration of cash and investment accounts with a brokerage institution which is a member of the Securities Investor Protection Corporation (SIPC). The financial institution carries excess insurance above the SIPC limit.

Income Taxes

Under applicable provisions of the Internal Revenue Code Section 501(c)(3) and the Codes of the Commonwealth of Virginia, and the State of New York, the Association is exempt from taxes on income, other than unrelated business income, and property. There was no taxable unrelated business income for the year ended December 31, 2014. The Association believes that it has appropriate support for any tax positions taken, and therefore, does not have any uncertain tax positions that are material to the financial statements. At a minimum, the December 31, 2011 through 2014 tax years are open for examination by taxing authorities.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 11, 2015, the date the financial statements were available to be issued.

3. Cash and Cash Equivalents

A summary of cash and cash equivalents in each fund as of December 31, 2014 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Checking accounts	\$ 267,480	\$ -	\$ -	\$ 267,480
Money market accounts	660,631	-	-	660,631
Money market funds	230,965	-	-	230,965
Total	\$ 1,159,076	\$ -	\$ -	\$ 1,159,076

Fair value approximates cost.

4. Investments and Fair Value Measurements

The fair market value of investments, with a cost basis of \$5,379,392, at December 31, 2014 were:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Equity securities	\$ -	\$ 244,759	\$ 3,059,865	\$ 3,304,624
Debt securities	1,558,925	727,250	-	2,286,175
Total	\$ 1,558,925	\$ 972,009	\$ 3,059,865	\$ 5,590,799

U.S. generally accepted accounting principles define fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. generally accepted accounting principles also establish a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Association has access to on the measurement date. The quoted prices provide the most reliable evidence, except when a significant event occurs that may affect the fair value measurement.

Level 2: Inputs are quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities or interest rate and yield curves.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

The following table summarizes investments, by level, for items measured at fair value on a recurring basis at December 31, 2014:

	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	\$ 714,831	\$ -	\$ -	\$ 714,831
Preferred stocks	16,737	-	-	16,737
Mutual funds	2,573,056	-	-	2,573,056
Debt securities				
Government bonds	100,775	-	-	100,775
Government-backed securities	328	-	-	328
Corporate bonds	2,185,072	-	-	2,185,072
	\$ 5,590,799	\$ -	\$ -	\$ 5,590,799

Net investment return for 2014 consisted of the following:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 2,440	\$ 173,646	\$ 176,086
Net realized gains	-	17,327	17,327
Total interest, dividends and realized gains	2,440	190,973	193,413
Net unrealized gains (losses)	667	(132,399)	(131,732)
Investment advisory fees	-	(17,171)	(17,171)
Net investment return	\$ 3,107	\$ 41,403	\$ 44,510

5. Property and equipment

Property and equipment consisted of the following at December 31, 2014:

	Cost	Accumulated Depreciation	Depreciation Expense	Estimated Life (years)
Furniture, fixtures, and equipment	\$ 36,503	\$ (23,201)	\$ 936	5-7
Computer hardware	25,475	(18,485)	3,159	5
Computer software	4,971	(3,668)	1,237	3
Website and database	50,752	(25,633)	17,088	3
Improvements	43,703	(3,599)	3,599	7
Total	<u>\$ 161,404</u>	<u>\$ (74,586)</u>	<u>\$ 26,019</u>	

Intellectual Property

The Association registered its logo (a white thyroid shape within a blue circle), its name (American Thyroid Association), and one of its online publication names (Clinical Thyroidology) with the United States Patent and Trademark Office. During 2014 these trademarks were renewed for an additional five years at a cost of \$1,925. The \$7,058 cost associated with these applications are capitalized on the statement of financial position as Trademarks at December 31, 2014 and amortized over a five year period. Accumulated amortization was \$5,325 at December 31, 2014.

Depreciation and amortization for the year ended December 31, 2014 were \$26,019 and \$706, respectively, totaling \$26,725.

6. Publications and Communications

On January 1, 2011, the Association's agreement with a publishing company (Publisher) to publish and sell *Thyroid*, the official journal of the American Thyroid Association, automatically renewed for an additional seven years beginning January 1, 2012. The agreement may be renegotiated or canceled beyond this term with written notice given by December 31, 2017. The publisher is considered the sole owner of *Thyroid* and is responsible for subscription solicitation, sale of advertising space, reprints, back volumes and electronic products. The Association entered into an agreement with the Editor in Chief of *Thyroid* effective January 1, 2013 through January 1, 2018. The Association earns royalty income from the publication of *Thyroid* for the use of the ATA trademark, logo and other materials.

On June 16, 2013, the Association entered into an agreement with its Publisher to publish two additional journals electronically: the ATA's existing *Clinical Thyroidology*, and the newly launched *VideoEndocrinology*. The ATA retains its ownership of *Clinical Thyroidology*, while *VideoEndocrinology* will belong to the Publisher. If the Publisher and the ATA extend their Thyroid contract effective January 1, 2019, then *VideoEndocrinology* will become jointly owned. The Association earns royalty income from the publication of these two journals for the use of the ATA trademark, logo and other materials. The Association extended their agreement with the Editor in Chief of *Clinical Thyroidology* effective January 1, 2011 through January 1, 2014 through December 31, 2015. The Association entered into an agreement with the Editor in Chief of *VideoEndocrinology* effective January 1, 2014 through January 1, 2018. The Association continues to publish *Clinical Thyroidology for the Public*, an online version of *Clinical Thyroidology* for patients and the public who joined Friends of the ATA.

Publications and communications support and revenue of \$425,164 includes subscription revenue of \$169,819 from *Thyroid*, editorial support of \$66,600, manuscript fees of \$50,490, net royalty income of \$129,255, and support for communication projects of \$9,000.

7. Restricted Net Assets and Endowments

The Association's endowments consist of individual donor-restricted endowment funds established for a variety of purposes as described in Footnote 2. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act 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 the interpretation, the Association classifies as permanently restricted net assets (a) the original value of the 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. 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 the organization. The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Association 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 Association; and
7. The investment policies of the Association.

Donor-Restricted Net Asset Composition by Type and Fund

	<u>December 31, 2014</u>
Temporarily Restricted	
ITC Travel Fund	\$ 16,321
Image library project	1,500
Ridgway Legacy Fund	44,220
Endowment appreciation	909,968
	<u>\$ 972,009</u>
Permanently Restricted	
Campaign Fund	\$ 2,209,135
Endowment Fund	317,797
Sindey H. Ingbar Fund	82,245
Arthur Bauman Fund	83,225
Clark T. Sawin Fund	50,000
USC Fellows Fund	40,000
Stanbury Pathophysiology Award Fund	31,713
Braverman Fund	245,750
	<u>\$ 3,059,865</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2014

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 943,141	\$ 3,054,765	\$ 3,997,906
Investment return:			
Interest and dividends	173,646	-	173,646
Net realized gain	17,327	-	17,327
Net unrealized gain	(132,399)	-	(132,399)
Total investment return	<u>58,574</u>	<u>-</u>	<u>58,574</u>
Contributions	46,528	5,100	51,628
Appropriation of endowment assets for expenditure	(20,496)	-	(20,496)
Other changes:			
Transfer to unrestricted	(55,738)	-	(55,738)
Net asset restriction transfers	<u>(76,234)</u>	<u>-</u>	<u>(76,234)</u>
Endowment net assets, end of year	<u>\$ 972,009</u>	<u>\$ 3,059,865</u>	<u>\$ 4,031,874</u>

All investment returns on permanently restricted funds are accumulated as temporarily restricted until appropriated for expenditure.

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 Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no funds with deficiencies as of December 31, 2014.

Return Objectives and Risk Parameters

The Association 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 the Association must hold in perpetuity or for a donor-specified period.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maximize the return on investments while taking an appropriate (conservative/moderate) amount of investment risk and to increase the principal at least at a minimum annual return of the current rate of inflation of the long term while maintaining a prudent diversification of the investment assets.

Strategies Employed for Achieving Objective

To satisfy its long-term rate-of-return objectives, the Association 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). The Association targets a diversified asset allocation that utilizes fixed-income and equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association's investment policy includes an endowment spending rate of up to 4% calculated as a percentage of the moving average of the market value of the three preceding year-end market values of the endowment funds. In establishing this policy, the Association considered the long-term expected return on its endowment. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through new gift and investment return.

8. Retirement Plan

The Association has a 401(k) discretionary contribution plan that covers all eligible employees. The Association contributes 3% of the participant's compensation and matches up to 3% of the participant's contribution, vesting immediately. The Association's contributions totaled \$82,480 for the year.

The Association maintains a Tax-Exempt Organization Eligible 457b Plan. Participation in the plan is restricted to "top hat" employees as understood in Title 1 of ERISA. The Association's contributions totaled \$17,500 for 2014.

9. Leases

The Association leased office space under a month to month an agreement until November 2013, when the Association entered into an 87-month operating lease for office space. The new lease expires January 31, 2021. On April 28, 2014, the Association amended this lease to reflect an increase in square footage of leased space. The lease includes additional office space. The landlord agreed to contribute towards the Association's construction costs in the amount of \$29,358. This construction allowance is deferred and amortized on a straight-line basis over the life of the lease as a reduction to rent expense.

Rent expense for the year ended December 31, 2014 was \$25,982.

Minimum future lease obligations for years ending December 31 are:

2015	\$ 29,583
2016	30,397
2017	31,233
2018	32,092
2019	32,974
Thereafter	36,769
	<u>\$ 193,048</u>

10. Meetings, Workshops and Symposia Commitments

The Association has entered into contracts for meetings, workshops and symposia to be held in the future in various cities as follows:

Date	Conference	Location	Commitment as of December 31, 2014
2015 January	Strategic Planning Retreat	Amelia Island, FL	\$ 17,152
2015 October	International Thyroid Congress	Orlando, FL	\$ 1,864,061
2016 September	Annual Meeting	Denver, CO	\$ 185,889
2017 October	Annual Meeting	Victoria, BC	\$ 196,288

The Association secures event cancellation insurance to cover the meetings in the current year.

11. Subsequent Events

In March 2015, the Association entered into two additional hotel contracts for overflow rooms for the International Thyroid Congress to be held in October 2015. The minimum commitment for these contracts is \$22,795.

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American Thyroid Association, Inc.

Schedule of Functional Expenses

Year Ended December 31, 2014

Expenses	Program Services			Research	Total Program Services	Supporting Services		
	Education		Publications			Management	Fundraising	Total
	Scientific Meetings	Public, Patient and Professional Awareness						
Salaries	\$ 217,668	\$ 195,530	\$ 101,820	\$ 9,790	\$ 524,808	\$ 52,539	\$ 20,850	\$ 598,197
Employee benefits	49,246	44,239	23,033	2,219	118,737	11,882	4,709	135,328
Payroll taxes	16,408	14,740	7,674	739	39,561	3,959	1,569	45,089
Professional and contracted services	11,467	45,804	4,889	454	62,614	2,432	2,464	67,510
Editorial management	-	-	73,150	-	73,150	-	-	73,150
Travel	119,254	24,612	2,977	-	146,843	1,365	-	148,208
Convention and facility	656,089	51,796	9,201	-	717,086	3,940	12,051	733,077
Research grants	-	-	-	402,500	402,500	-	-	402,500
Printing and design	16,140	4,525	122,887	-	143,552	-	-	143,552
Information technology	34,976	41,943	12,523	864	90,306	689	596	91,591
Supplies	14,337	3,909	5,874	138	24,258	736	292	25,286
Telephone	2,396	9,022	1,524	131	13,073	522	211	13,806
Postage and shipping	8,343	1,260	40	-	9,643	558	2,258	12,459
Occupancy	9,455	8,494	4,422	426	22,797	2,281	904	25,982
Depreciation and amortization	9,726	8,736	4,549	438	23,449	2,346	930	26,725
Investment advisory fees	4,951	-	-	12,220	17,171	-	-	17,171
Insurance	6,538	2,502	1,303	126	10,469	672	266	11,407
Dues and subscriptions	-	10,728	1,934	-	12,662	333	2,505	15,500
Taxes and licenses	294	264	137	13	708	71	28	807
	\$ 1,177,288	\$ 468,104	\$ 377,937	\$ 430,058	\$ 2,453,387	\$ 84,325	\$ 49,633	\$ 2,587,345

See independent auditors' report.

American Thyroid Association, Inc.

Comparison to Budget

Year Ended December 31, 2014

	<u>Actual</u>	<u>Budget</u>
Support and Revenue		
CME grants	\$ 240,900	\$ 332,000
Meeting registration	782,858	742,000
Other meeting revenue	628,787	410,400
Research grants	206,234	201,300
Publications and communications	425,164	348,300
Member dues	379,646	380,000
Individual and corporate donations	90,026	66,500
Member donations	70,401	29,700
Interest, dividends and realized gains	193,413	100,000
Non-cash contributions received - securities	1,038	-
Total support and revenue	<u>3,018,467</u>	<u>2,610,200</u>
Expenses		
Program expenses		
Education		
Scientific meetings	1,177,288	1,075,000
Public, patient and professional awareness	468,104	453,000
Publications	377,937	401,300
Research	430,058	432,400
Total program expenses	<u>2,453,387</u>	<u>2,361,700</u>
Management and general	84,325	78,060
Fundraising	49,633	44,700
Total expenses	<u>2,587,345</u>	<u>2,484,460</u>
Operational support and revenue in excess of expenses	431,122	125,740
Net unrealized loss on investments	(131,732)	-
Support and revenue in excess of expenses	<u>\$ 299,390</u>	<u>\$ 125,740</u>

See independent auditors' report.