

**Financial Statements
Year Ended
December 31, 2017**

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, 2017, 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, 2017, 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, publication revenue and expenses, and comparison to budget on pages 16 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
August 16, 2018

American Thyroid Association, Inc.

Statement of Financial Position

December 31, 2017

Assets	
Current assets	
Cash and cash equivalents	\$ 1,757,775
Receivables	169,646
Prepaid expenses	21,618
Total current assets	1,949,039
Property and equipment, net	71,473
Investments	7,112,031
Other assets	
Deposits	16,042
Thyroid library	18,865
Trademarks, net	43,948
	<u>\$ 9,211,398</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 472,112
Deferred revenue	460,026
Deferred rent	5,857
Total current liabilities	937,995
Long-term liabilities, less current maturities	
Deferred rent	15,086
Deferred compensation	97,000
Total long-term liabilities	112,086
Total liabilities	1,050,081
Net assets	
Unrestricted	675,822
Unrestricted, board designated	2,806,449
Total unrestricted net assets	3,482,271
Temporarily restricted	1,415,667
Permanently restricted	3,263,379
Total net assets	8,161,317
	<u>\$ 9,211,398</u>

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

**American Thyroid Association, Inc.
Statement of Activities**

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
CME grants	\$ 100,000	\$ -	\$ -	\$ 100,000
Meeting registration	855,980	-	-	855,980
Other meeting revenue	663,976	-	-	663,976
Research grants	22	230,000	-	230,022
Publications and communications	423,667	-	-	423,667
Member dues	527,937	-	-	527,937
Individual and corporate donations	84,653	56,333	2,685	143,671
Member donations	33,910	3,610	22,281	59,801
Interest, dividends and net realized gain on investments	142,449	167,331	-	309,780
Net assets released from restrictions	352,348	(349,678)	(2,670)	-
Total support and revenue	3,184,942	107,596	22,296	3,314,834
Expenses				
Program services				
Scientific meetings - venue to share knowledge and gather information on causes and cures of thyroid disease with professionals	1,125,477	-	-	1,125,477
Public, patient and professional awareness - provide the public and health professionals with information and education	575,912	-	-	575,912
Publications - provide information on research and treatments	444,908	-	-	444,908
Research - support to academic institutions and scientists to research thyroid disorders	500,359	-	-	500,359
Total program services	2,646,656	-	-	2,646,656
Management and general	83,973	-	-	83,973
Fundraising - secures charitable financial support and compliance	144,016	-	-	144,016
Total expenses	2,874,645	-	-	2,874,645
Operational support and revenue in excess of expenses	310,297	107,596	22,296	440,189
Net unrealized gain on investments	153,717	310,472	-	464,189
Change in net assets	464,014	418,068	22,296	904,378
Net assets, beginning of year	3,033,257	997,599	3,226,083	7,256,939
Endowment transfer	(15,000)	-	15,000	-
Net assets, end of year	\$ 3,482,271	\$ 1,415,667	\$ 3,263,379	\$ 8,161,317

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

American Thyroid Association, Inc.

Statement of Cash Flows

Year Ended December 31, 2017

Cash flows from operating activities	
Change in net assets	\$ 904,378
Adjustments to reconcile to net cash from operating activities:	
Depreciation and amortization	35,111
Net realized gain on investments	(120,160)
Net unrealized gain on investments	(464,189)
Change in:	
Receivables	24,373
Prepaid expenses	(10,866)
Deposits	(12,971)
Accounts payable and accrued expenses	246,343
Deferred revenue	(37,135)
Deferred rent	(4,998)
Deferred compensation	97,000
Net cash flows from operating activities	<u>656,886</u>
Cash flows from investing activities	
Investment purchases and reinvestments	(2,245,736)
Trademark costs	(15,811)
Proceeds from sale of investments	1,715,990
Purchase of property and equipment	(27,277)
Net cash flows from investing activities	<u>(572,834)</u>
Net change in cash and cash equivalents	84,052
Cash and cash equivalents, beginning of year	<u>1,673,723</u>
Cash and cash equivalents, end of year	<u>\$ 1,757,775</u>

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

American Thyroid Association, Inc.

Notes to Financial Statements

December 31, 2017

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 income 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 biology and pathophysiology. 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.

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. 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

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 \$2,806,449 of unrestricted funds at December 31, 2017 as follows: \$2,510,152 to serve as an operational and other reserve; \$178,431 to be spent for clinical initiatives; \$70,958 for a registry project, and \$46,908 to be spent on patient education. These funds are invested in money market funds with a net asset value of \$1 per share (included in cash and cash equivalents) as well as equity and debt securities.

Temporarily Restricted Funds

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, 2017.

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 \$1,414,169 at December 31, 2017.

Permanently Restricted Funds

Campaign for Thyroid Discovery Fund

The Campaign for Thyroid Discovery Endowment was established in 1999 to assure and strengthen the future of the ATA's scientific and educational programs. Funds are dedicated to sponsoring research and attracting physicians and scientists to the field and to supporting established investigators and young researchers in their quest to advance thyroidology.

New Hampshire Charitable Foundation Fund

The New Hampshire Charitable Foundation Fund supports research grants to be made by the ATA related to the effects of hypothyroid conditions on women who are pregnant, preventive testing of hypothyroid conditions on women of childbearing age, and preventive procedures and education to reduce cases of maternal hypothyroid condition on babies. Should medical science find a definitive cure and/or treatment for these conditions, the ATA's board of directors has the discretion to use the funds to support other types of thyroid research. These funds are part of the ATA's existing research endowment and administered by the board of directors in accordance with board approved policies.

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.

Sidney H. Ingbar Fund

The Sidney H. Ingbar Fund (Ingbar Fund) supports ventures consonant with the Ingbar tradition of excellence in education and research in thyroidology and the Ingbar lectureship. The 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.

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. The Fund donors have agreed to support a named program activity during the

Ridgway Trainee Conference at the annual meeting. Funds will be taken from earnings only and not corpus. Funds may be added to the Ridgway Legacy Fund corpus or used for the operations of the Ridgway conference per designation by the Board of Directors.

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.

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. The Fund donors have agreed to support a named program activity during the Ridgway Trainee Conference at the annual meeting. Funds will be taken from earnings only and not corpus. Funds may be added to the Ridgway Legacy Fund corpus or used for the operations of the Ridgway conference per designation by the Board of Directors.

Stanbury Pathophysiology Fund

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

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 donors have agreed to support a named program activity during the Ridgway Trainee Conference at the annual meeting. Funds will be taken from earnings only and not corpus. Funds may be added to the Ridgway Legacy Fund corpus or used for the operations of the Ridgway conference per designation by the Board of Directors.

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.

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, 2017, 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.

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, 2017 include \$37,288 for meeting support, \$18,008 for donations, \$64,255 for 2017 journal royalties, \$36,249 for membership dues and publication subscriptions, \$5,000 for publication support, \$8,251 for a value added tax refund and \$595 for manuscript fees. Management has determined all accounts are collectible and, therefore, there is no allowance for doubtful accounts at December 31, 2017.

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.

Trademark

The Association registered its logo (a thyroid shape within a circle), its name (American Thyroid Association), and one of its online publication names (Clinical Thyroidology) with the United States Patent and Trademark Office through 2019. The cost of \$51,732 associated with these applications are capitalized on the statement of financial position as Trademarks at December 31, 2017 and amortized over a five-year period. Accumulated amortization was \$7,784 at December 31, 2017.

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 publication subscriptions for future years are also included in deferred revenue.

At December 31, 2017, deferred revenue consisted of membership dues of \$314,405, meeting revenue of \$13,649 and 2018 publication revenue of \$131,972.

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.

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.

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, 2017, bank deposits exceeded FDIC limits by \$873,506. 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 brokerage institutions which are members of the Securities Investor Protection Corporation (SIPC). The financial institutions carry 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, 2017. 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.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 16, 2018, 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, 2017 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Checking accounts	\$ 889,362	\$ -	\$ -	\$ 889,362
Money market accounts	752,263	-	-	752,263
Money market funds	116,150	-	-	116,150
Total	<u>\$ 1,757,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,757,775</u>

Fair value approximates cost.

4. Investments and Fair Value Measurements

The fair market value of investments, with a cost basis of \$6,499,130, at December 31, 2017 were:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Equity securities	\$ 1,986,085	\$ 1,114,901	\$ 3,263,379	\$ 6,364,365
Debt securities	446,900	300,766	-	747,666
Total	\$ 2,432,985	\$ 1,415,667	\$ 3,263,379	\$ 7,112,031

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, 2017:

	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	\$ 378,535	\$ -	\$ -	\$ 378,535
Mutual funds	5,985,830	-	-	5,985,830
Debt securities				
US Treasury securities	70,009	-	-	70,009
Government-backed securities	110,338	-	-	110,338
Corporate bonds	75,895	-	-	75,895
Bond mutual funds	491,424	-	-	491,424
	\$ 7,112,031	\$ -	\$ -	\$ 7,112,031

Net investment return for 2017 consisted of the following:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 104,364	\$ 85,256	\$ 189,620
Net realized gains (losses)	38,085	82,075	120,160
Total interest, dividends and net realized losses	142,449	167,331	309,780
Net unrealized gains	153,717	310,472	464,189
Investment advisory fees	(14,649)	(20,666)	(35,315)
Net investment return	\$ 281,517	\$ 457,137	\$ 738,654

5. Property and equipment

Property and equipment consisted of the following at December 31, 2017:

	Cost	Accumulated Depreciation	Depreciation Expense	Estimated Life (years)
Furniture, fixtures, and equipment	\$ 35,556	\$ (23,090)	\$ 3,105	5-7
Computer hardware	28,349	(21,367)	5,473	3-5
Computer software	14,972	(8,303)	3,333	3
Website and database	94,006	(70,245)	15,341	3
Improvements	43,703	(22,108)	6,170	7
Total	\$ 216,586	\$ (145,113)	\$ 33,422	

Intellectual Property

Trademarks costing \$51,732 at December 31, 2017 are amortized over a five-year period. Accumulated amortization was \$7,784 at December 31, 2017.

Depreciation and amortization for the year ended December 31, 2017 were \$33,422 and \$1,689, respectively, totaling \$35,111.

6. Publications and Communications

In 2017, the ATA sent written notice to the publishers, of interest to renegotiate the *Thyroid*® journal contract. Several strategy meetings and multiple conference calls have been held in 2017-2018 with ATA leadership, a publications consultant and specialized publications attorneys to draft strong, best practice contracts for *Thyroid* and the additional journals, *Clinical Thyroidology*® and *VideoEndocrinology*™. Two face to face meetings with publisher personnel were held, one in November 2017 in Falls Church, VA and one in New York City in May 2018. Trademark for the journal *Thyroid* were secured in 2017 in the USA and the EU; and in 2018 in China. A contract for each journal (3) has been sent to the publisher as of August 3, 2018 and negotiations are expect to be concluded before October 7, 2018.

American Thyroid Association owns the name of the journal *Thyroid*. The publisher owns the copyright on the content of the *Thyroid* journal. The publisher 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. Effective October 22, 2016, the agreement was extended through January 1, 2020. The Association earns royalty income from the publication of *Thyroid* Journal bundle.

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* belongs 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 2nd Editor in Chief of *VideoEndocrinology* was selected by a search committee in 2017 to serve a term from January 1, 2018 through January 1, 2022. A new Editor in Chief of *Clinical Thyroidology* has been selected by a search committee in 2018 to serve a term from January 1, 2019 through January 1, 2022. 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 \$423,667 includes subscription revenue of \$135,521 from *Thyroid*, editorial support of \$66,600, manuscript fees of \$56,355, and net royalty income of \$165,191. See Schedule of Publication revenue and expenses.

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, 2017</u>
Temporarily Restricted	
Image library project	\$ 1,500
Endowment appreciation	1,414,167
	<u>\$ 1,415,667</u>
Permanently Restricted	
Campaign Fund	\$ 1,803,120
New Hampshire Charitable Foundation Fund	406,015
Endowment Fund	321,740
Sidney H. Ingbar Fund	82,245
Arthur Bauman Fund	86,325
Clark T. Sawin Endowment Fund	50,000
USC Thyroid Research Group Fellows Fund	40,000
Stanbury Pathophysiology Fund	61,713
Braverman Fund	249,546
Ridgway Legacy Fund	162,675
	<u>\$ 3,263,379</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 997,599	\$ 3,226,083	\$ 4,223,682
Investment income:			
Interest and dividends	85,256	-	85,256
Net realized gains	82,075	-	82,075
Net unrealized gains	310,472	-	310,472
Total investment income	477,803	-	477,803
Reclassification to endowment fund from unrestricted net assets	-	15,000	15,000
Contributions and grants	289,943	24,966	314,909
Net assets released from restrictions	(349,678)	(2,670)	(352,348)
Endowment net assets, end of year	\$ 1,415,667	\$ 3,263,379	\$ 4,679,046

All investment returns on permanently restricted funds are accumulated as temporarily restricted until appropriated for expenditure. Investment advisory fees allocated to temporarily restricted net assets were \$20,666, resulting in a net investment return of \$457,137 for the year.

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, 2017.

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. A discretionary profit-sharing contribution is made at the discretion of the Association's Board of Directors. The Association's contributions totaled \$73,432 for the year.

The Association maintains a tax-exempt organization eligible 457(b) Plan. Participation in the plan is restricted to "top hat" employees as understood in Title 1 of ERISA. The Association's contributions totaled \$18,000 for 2017.

The Association maintains an unfunded Tax-Exempt Organization Eligible 457(f) Plan by personnel contract with the executive director. Participation in the plan is restricted to "top hat" employees as understood in Title 1 of ERISA.

9. Leases

The Association leases office space under an 87-month operating lease for office space which expires January 31, 2021. 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.

Minimum future lease obligations for years ending December 31 are:

2018	\$ 32,092
2019	32,974
2020	33,881
2021	2,888
	<u>\$ 101,835</u>

Rent expense for the year ended December 31, 2017 was \$26,511.

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, 2017
2018 October	Annual Meeting	Washington, DC	\$ 584,753
2019 October	Annual meeting	Chicago. IL	96,911
2020 May	Spring meeting	New York, NY	42,809
2022 October	Annual Meeting	Montreal, QC, Canada	1,043
2024 November	Annual Meeting	Chicago. IL	27,731

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

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American Thyroid Association, Inc.

Schedule of Functional Expenses

Year Ended December 31, 2017

	Program Services					Supporting Services			Total
	Scientific Meetings	Public, Patient and Professional Awareness	Publications	Research	Total Program Services	Management and general	Fundraising		
Expenses									
Salaries	\$ 284,260	\$ 236,249	\$ 74,424	\$ 36,667	\$ 631,600	\$ 47,089	\$ 37,484	\$ 716,173	
Convention and facility	467,136	21,866	4,901	-	493,903	-	3,920	497,823	
Research grants	-	5,500	-	431,250	436,750	-	-	436,750	
Professional and contracted services	60,476	80,411	87,411	13,313	241,611	8,686	31,654	281,951	
Employee benefits	79,831	66,335	20,918	10,298	177,382	13,235	10,520	201,137	
Printing and design	21,689	13,637	3,347	-	38,673	-	7,564	46,237	
Information technology	38,302	52,924	18,044	947	110,217	932	2,262	113,411	
Travel	81,294	24,503	7,689	-	113,486	480	940	114,906	
Editorial management	-	6,000	76,545	-	82,545	-	-	82,545	
Payroll taxes	20,545	17,071	5,383	2,650	45,649	3,406	2,708	51,763	
Investment advisory fees	-	-	-	-	-	-	35,315	35,315	
Depreciation and amortization	13,935	11,580	3,652	1,798	30,965	2,310	1,836	35,111	
Occupancy	11,947	9,927	3,131	1,541	26,546	1,982	1,574	30,102	
Telephone and communication	7,524	12,163	1,904	974	22,565	1,193	948	24,706	
Supplies	16,241	2,749	925	266	20,181	342	272	20,795	
Postage and shipping	14,822	2,894	95	154	17,965	233	2,307	20,505	
Dues and subscriptions	-	8,875	135,521	-	144,396	3,441	4,200	152,037	
Insurance	6,986	2,822	890	438	11,136	563	448	12,147	
Taxes and licenses	489	406	128	63	1,086	81	64	1,231	
	\$ 1,125,477	\$ 575,912	\$ 444,908	\$ 500,359	\$ 2,646,656	\$ 83,973	\$ 144,016	\$ 2,874,645	

See independent auditors' report.

American Thyroid Association, Inc.

Schedule of Publication Revenue and Expenses

Year Ended December 31, 2017

	Thyroid ®	Clinical Thyroidology ®	VideoEndocrinology™	Guidelines	Web	Total Publications
Revenue						
Subscriptions	\$ 135,521	\$ -	\$ -	\$ -	\$ -	\$ 135,521
Royalties	39,960	59,284	47,793	18,154	-	165,191
Manuscript fees	56,355	-	-	-	-	56,355
Editorial support	60,000	-	6,600	-	-	66,600
Total publication revenue	\$ 291,836	\$ 59,284	\$ 54,393	\$ 18,154	\$ -	\$ 423,667
Expenses						
Salaries	\$ 31,081	\$ 4,137	\$ 4,917	\$ 5,229	\$ 29,060	\$ 74,424
Convention and facility	525	-	-	3,961	415	4,901
Professional and contracted services	29,316	763	1,007	50,965	5,360	87,411
Employee benefits	8,736	1,163	1,382	1,470	8,167	20,918
Printing and design	244	2,953	-	150	-	3,347
Information technology	3,642	82	97	6,404	7,819	18,044
Travel	7,689	-	-	-	-	7,689
Editorial management	32,545	26,000	18,000	-	-	76,545
Payroll taxes	2,248	299	356	378	2,102	5,383
Depreciation and amortization	1,525	203	241	257	1,426	3,652
Occupancy	1,307	174	207	220	1,223	3,131
Telephone and communication	787	105	143	132	737	1,904
Supplies	610	30	36	38	211	925
Postage and shipping	95	-	-	-	-	95
Dues and subscriptions	135,521	-	-	-	-	135,521
Insurance	372	49	59	63	347	890
Taxes and licenses	53	7	8	9	51	128
Total publication expenses	256,296	35,965	26,453	69,276	56,918	444,908
Publication revenue in excess of (less than) expenses	\$ 35,540	\$ 23,319	\$ 27,940	\$ (51,122)	\$ (56,918)	\$ (21,241)

See independent auditors' report.

American Thyroid Association, Inc.

Comparison to Budget

Year Ended December 31, 2017

	Actual	Budget
Support and Revenue		
CME grants	\$ 100,000	\$ 220,000
Meeting registration	855,980	913,910
Other meeting revenue	663,976	522,330
Research grants	230,022	258,750
Publications and communications	423,667	397,980
Member dues	527,937	548,280
Individual and corporate donations	143,671	94,260
Member donations	59,801	34,010
Interest, dividends and net realized gain on investments	309,780	9,730
Total support and revenue	3,314,834	2,999,250
Expenses		
Program expenses		
Scientific meetings	1,125,477	1,351,818
Public, patient and professional awareness	575,912	547,536
Publications	444,908	458,730
Research	500,359	527,424
Total program expenses	2,646,656	2,885,508
Management and general	83,973	78,411
Fundraising	144,016	106,671
Total expenses	2,874,645	3,070,590
Operational support and revenue in excess of (less than) expenses	440,189	(71,340)
Net unrealized gain on investments	464,189	-
Support and revenue in excess of (less than) expenses	\$ 904,378	\$ (71,340)

See independent auditors' report.