

Academy for Eating Disorders

Financial Statements
Year Ended December 31, 2016



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ACADEMY FOR EATING DISORDERS

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Academy for Eating Disorders
Reston, Virginia**

We have audited the accompanying financial statements of the Academy for Eating Disorders (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 U.S. generally accepted accounting principles; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. 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 from 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 the Academy for Eating Disorders as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

The financial statements of the Academy for Eating Disorders as of and for the year ended December 31, 2015, were audited by other auditors whose report, dated June 16, 2016, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BBD, LLP.

Philadelphia, Pennsylvania
March 16, 2017

ACADEMY FOR EATING DISORDERS

STATEMENT OF FINANCIAL POSITION

December 31, 2016 with comparative totals for 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 203,886	\$ 202,957
Accounts receivable		
Journal royalty	132,591	132,591
Other	2,078	5,640
Prepaid expenses	86,820	64,364
Investments	892,461	884,494
Website development costs, net of accumulated depreciation of \$33,056 in 2016 and \$21,389 in 2015	<u>1,944</u>	<u>13,611</u>
Total assets	<u>\$ 1,319,780</u>	<u>\$ 1,303,657</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 5,949	\$ 27,039
Deferred revenue	<u>194,425</u>	<u>128,456</u>
Total liabilities	<u>200,374</u>	<u>155,495</u>
 NET ASSETS		
Unrestricted	1,089,321	1,091,527
Temporarily restricted	<u>30,085</u>	<u>56,635</u>
Total net assets	<u>1,119,406</u>	<u>1,148,162</u>
 Total liabilities and net assets	<u>\$ 1,319,780</u>	<u>\$ 1,303,657</u>

See accompanying notes

ACADEMY OF EATING DISORDERS

STATEMENT OF ACTIVITIES

Year ended December 31, 2016 with comparative totals for 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
REVENUE AND SUPPORT				
Membership dues	\$ 217,800	\$ -	\$ 217,800	\$ 217,669
Annual meeting	668,942	-	668,942	637,705
Publications	203,902	-	203,902	271,573
Contributions	75,173	10,950	86,123	99,810
Investment income (loss)	12,959	-	12,959	(378)
Other revenue	7,883	-	7,883	5,825
Net assets released from restrictions	<u>37,500</u>	<u>(37,500)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,224,159</u>	<u>(26,550)</u>	<u>1,197,609</u>	<u>1,232,204</u>
EXPENSES				
Program services				
Annual meeting	642,296	-	642,296	540,495
Publications	<u>202,937</u>	<u>-</u>	<u>202,937</u>	<u>182,928</u>
Total	845,233	-	845,233	723,423
Supporting service				
Management and general	<u>381,132</u>	<u>-</u>	<u>381,132</u>	<u>487,192</u>
Total expenses	<u>1,226,365</u>	<u>-</u>	<u>1,226,365</u>	<u>1,210,615</u>
CHANGE IN NET ASSETS	(2,206)	(26,550)	(28,756)	21,589
NET ASSETS				
Beginning of year	<u>1,091,527</u>	<u>56,635</u>	<u>1,148,162</u>	<u>1,126,573</u>
End of year	<u>\$ 1,089,321</u>	<u>\$ 30,085</u>	<u>\$ 1,119,406</u>	<u>\$ 1,148,162</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF CASH FLOWS

Year ended December 31, 2016 with comparative totals for 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (28,756)	\$ 21,589
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net realized and unrealized loss on investments	713	1,137
Depreciation	11,667	11,667
(Increase) decrease in		
Accounts receivable	3,562	23,769
Prepaid expenses	(22,456)	5,439
Increase (decrease) in		
Accounts payable and accrued expenses	(21,090)	(203)
Deferred revenue	65,969	(78,481)
Net cash provided by (used for) operating activities	<u>9,609</u>	<u>(15,083)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,102,363)	(610)
Proceeds from sale of investments	<u>1,093,683</u>	<u>-</u>
Net cash used for investing activities	<u>(8,680)</u>	<u>(610)</u>
Net change in cash	929	(15,693)
CASH		
Beginning of year	<u>202,957</u>	<u>218,650</u>
End of year	<u>\$ 203,886</u>	<u>\$ 202,957</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(1) NATURE OF OPERATIONS

The Academy for Eating Disorders (the "**Academy**") is a nonprofit membership organization with approximately 1,500 members. The Academy is a multidisciplinary professional organization focusing on Anorexia Nervosa, Bulimia Nervosa, Binge Eating Disorder and related disorders. The Academy was organized in 1993 as a global professional association committed to leadership in eating disorders research, education, treatment and prevention. The Academy develops and advances initiatives for the primary and secondary prevention of eating disorders. Journals and newsletters provide for the dissemination of knowledge regarding eating disorders to members of the Academy. The Academy assists in the development of guidelines for training, practice and professional conduct within the field. The Academy identifies and rewards outstanding achievement and service in the field.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Academy reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted net assets

Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Academy and/or the passage of time. When a restriction is satisfied, temporarily restricted 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

Net assets that are subject to donor-imposed restrictions that neither expire by passage of time nor can be satisfied by actions of the Academy.

At December 31, 2016 and 2015, there were no permanently restricted net assets.

Fair Value Measurements

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Academy. Unobservable inputs reflect the Academy's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Academy has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Academy's own assumptions.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Accounting Estimates

In preparing the financial statements in conformity with GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Academy to concentrations of credit risk are cash and accounts receivable. The Academy maintains cash deposits at a financial institution. At times, such deposits may exceed federally-insured limits. Accounts receivable consist primarily of royalties due from the publisher of its journal.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with organizations having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. The Academy does not charge interest on outstanding balances.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses included in the statement of activities. Dividend and interest income is recorded as earned. Restricted investment income whose restrictions are satisfied in the same period are classified as unrestricted.

The Academy invests in a professionally-managed portfolio that contains various types of securities (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the financial statements could change materially in the near term.

Website Development Costs

Website development costs are carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Revenue

Membership dues and subscriptions are recorded as revenue in the year to which they relate. Meeting registration fees are recorded as revenue in the year of the meeting. Accordingly, revenue from these sources received in advance of the applicable year is included in deferred revenue in the accompanying statement of financial position.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as unrestricted.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are recognized as revenue when the conditions are satisfied.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income Taxes

The Academy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Academy's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, the Academy qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Academy believes that it had no uncertain tax positions as defined in GAAP.

(3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 15,476	\$520,094
U.S. Treasury obligations and obligations of U.S. Government Agencies	402,366	-
Corporate bonds	221,079	-
Fixed income mutual funds	69,323	364,400
Marketable equity securities	<u>184,217</u>	<u>-</u>
	<u>\$892,461</u>	<u>\$884,494</u>

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Investment income (loss) for the year ended December 31, was comprised of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 13,672	\$ 759
Net realized and unrealized loss	<u>(713)</u>	<u>(1,137)</u>
	<u>\$ 12,959</u>	<u>\$ (378)</u>

Fair value of investments was determined using Level 1 valuation inputs, except for U.S. Treasury obligations and obligations of U.S. Government Agencies and corporate bonds, which used Level 2 valuation inputs.

(4) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, are restricted for the following purposes:

	<u>Balance</u> <u>December 31, 2015</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2016</u>
Annual meeting	\$ 3,404	\$ -	\$ -	\$ 3,404
Scholarships	45,595	10,900	(37,500)	18,995
TJ Fund	2,131	50	-	2,181
Wiley	5,000	-	-	5,000
Other	<u>505</u>	<u>-</u>	<u>-</u>	<u>505</u>
	<u>\$56,635</u>	<u>\$10,950</u>	<u>\$(37,500)</u>	<u>\$30,085</u>

(5) MANAGEMENT AGREEMENT

The Academy receives meeting and various administrative services from an association management company pursuant to a management agreement. The agreement automatically renews for successive one-year periods, unless either party provides not less than 180 days prior written notice of non-renewal. Management fees incurred by the Academy were \$454,105 and \$476,476 for the years ended December 31, 2016 and 2015, respectively.

(6) COMMITMENTS

The Academy has entered into agreements with hotels providing room accommodations for its annual meeting through 2024. These agreements include a guarantee by the Academy that a minimum number of rooms will be rented by attendees. The Academy intends to hold the annual meeting at the scheduled hotels.

(7) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 16, 2017, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2016 that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

ACADEMY FOR EATING DISORDERS

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended December 31, 2016 with comparative totals for 2015

	<u>Annual Meeting</u>	<u>Publications</u>	<u>Management and General</u>	<u>Totals</u>	
				<u>2016</u>	<u>2015</u>
Abstract processing	\$ 7,490	\$ -	\$ -	\$ 7,490	\$ 17,426
Audio-visual	71,266	-	-	71,266	71,269
Awards and scholarships	48,146	-	-	48,146	40,134
Bank and credit card fees	20,566	1,606	16,171	38,343	27,065
Board expenses	4,021	-	36,894	40,915	39,191
Depreciation	-	11,667	-	11,667	11,667
Facility, food and beverage	251,120	-	222	251,342	247,653
Information technology	2,597	42,056	21,260	65,913	60,181
Insurance	-	-	3,192	3,192	5,886
Journal subscription expense	-	88,988	10,656	99,644	99,063
Management fees	151,365	49,891	257,349	458,605	476,476
Marketing	607	-	5,613	6,220	55
Postage	4,451	-	2,555	7,006	3,223
Printing, copies and design	22,231	7,866	3,378	33,475	32,273
Professional fees	13,274	-	14,689	27,963	12,531
Speaker fees	27,349	-	-	27,349	24,448
Travel	12,474	-	4,077	16,551	27,779
Miscellaneous	5,339	863	5,076	11,278	14,295
Total expenses	<u>\$ 642,296</u>	<u>\$ 202,937</u>	<u>\$ 381,132</u>	<u>\$ 1,226,365</u>	<u>\$ 1,210,615</u>