

Academy for Eating Disorders

Financial Statements

Year ended December 31, 2019



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

ACADEMY FOR EATING DISORDERS

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
<i>Statement of Financial Position</i>	2
<i>Statement of Activities</i>	3
<i>Statement of Functional Expenses</i>	4
<i>Statement of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6



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, 2019, and the related statements of activities, functional expenses 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, 2019, 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

We have previously audited the Academy for Eating Disorders' 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
September 4, 2020**

ACADEMY FOR EATING DISORDERS

STATEMENT OF FINANCIAL POSITION

December 31, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 98,009	\$ 328,377
Accounts receivable, net of allowance of \$5,000 for 2019 and \$-0- for 2018	25,118	4,184
Prepaid expenses and other assets	185,322	120,510
Investments	<u>782,291</u>	<u>716,661</u>
Total assets	<u>\$ 1,090,740</u>	<u>\$ 1,169,732</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 1,896	\$ -
Deferred revenue	<u>153,151</u>	<u>303,519</u>
Total liabilities	<u>155,047</u>	<u>303,519</u>
 NET ASSETS		
Without donor restrictions	913,466	812,487
With donor restrictions	<u>22,227</u>	<u>53,726</u>
Total net assets	<u>935,693</u>	<u>866,213</u>
 Total liabilities and net assets	<u>\$ 1,090,740</u>	<u>\$ 1,169,732</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF ACTIVITIES

Year ended December 31, 2019 with comparative totals for 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
REVENUE AND SUPPORT				
Membership dues	\$ 299,714	\$ -	\$ 299,714	\$ 292,761
Annual meeting	918,712	-	918,712	832,224
Publications	5,485	-	5,485	7,207
Contributions	21,240	19,000	40,240	69,638
Investment income (loss)	66,807	-	66,807	(1,795)
Other revenue	13,660	-	13,660	11,335
Net assets released from restrictions	50,499	(50,499)	-	-
Total revenue and support	<u>1,376,117</u>	<u>(31,499)</u>	<u>1,344,618</u>	<u>1,211,370</u>
EXPENSES				
Program services	883,767	-	883,767	793,501
Supporting service				
Management and general	<u>391,371</u>	<u>-</u>	<u>391,371</u>	<u>374,156</u>
Total expenses	<u>1,275,138</u>	<u>-</u>	<u>1,275,138</u>	<u>1,167,657</u>
CHANGE IN NET ASSETS	100,979	(31,499)	69,480	43,713
NET ASSETS				
Beginning of year	<u>812,487</u>	<u>53,726</u>	<u>866,213</u>	<u>822,500</u>
End of year	<u>\$ 913,466</u>	<u>\$ 22,227</u>	<u>\$ 935,693</u>	<u>\$ 866,213</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019 with comparative totals for 2018

	Program Services	Management and General	Totals	
			2019	2018
Abstract processing	\$ 10,850	\$ -	\$ 10,850	\$ 12,937
Audio-visual	90,823	-	90,823	97,949
Awards and scholarships	83,797	-	83,797	72,372
Bank and credit card fees	7,128	28,130	35,258	20,427
Facility, food and beverage	320,661	1,000	321,661	274,731
Information technology	170	41,692	41,862	49,812
Insurance	2,826	844	3,670	5,884
Journal subscription expense	-	10,732	10,732	17,405
Management fees	219,122	257,230	476,352	462,979
Marketing	15,780	9,977	25,757	13,340
Printing, copies and design	49,128	7,518	56,646	36,020
Professional fees	8,728	9,266	17,994	24,590
Speaker fees	30,148	5,340	35,488	23,123
Travel	10,615	3,390	14,005	17,141
Miscellaneous	33,991	16,252	50,243	38,947
Total expenses	\$883,767	\$391,371	\$1,275,138	\$1,167,657

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF CASH FLOWS

Year ended December 31, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 69,480	\$ 43,713
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Net realized and unrealized (gain) loss on investments	(52,895)	16,579
(Increase) decrease in		
Accounts receivable	(20,934)	(3,955)
Prepaid expenses and other assets	(64,812)	(44,017)
Increase (decrease) in		
Accounts payable and accrued expenses	1,896	(200)
Deferred revenue	<u>(150,368)</u>	<u>144,215</u>
Net cash provided by (used for) operating activities	<u>(217,633)</u>	<u>156,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(293,213)	(332,982)
Proceeds from sale of investments	<u>280,478</u>	<u>319,344</u>
Net cash used for investing activities	<u>(12,735)</u>	<u>(13,638)</u>
Net change in cash	(230,368)	142,697
CASH		
Beginning of year	<u>328,377</u>	<u>185,680</u>
End of year	<u>\$ 98,009</u>	<u>\$ 328,377</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(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 classes of net assets:

Without donor restrictions

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

With donor restrictions

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as *net assets released from restrictions*.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Academy to expend the income generated in accordance with the provisions of the contribution. The Academy did not have any net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely.

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:

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.

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

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, 2018, 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

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.

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.

Revenue Recognition

Membership dues are invoiced based on fixed rate schedules at the beginning of the membership year, which creates a deferred revenue balance upon collection. Revenue from membership dues is recognized as revenue on a pro rata basis over the membership year as membership benefits are provided.

Annual Meeting fees are based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in a deferred revenue balance or at the time the meeting takes place and immediately recognized as revenue.

Publication prices are fixed at the time of purchase based on price listings or negotiated rates. Most customers pay at the time of purchase, but some customers are invoiced for purchases. Revenue from publications is recognized in the period that the publication is delivered to the customer or over the period of time that a customer may access the resource depending on the type of publication.

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Deferred revenue at December 31, 2019 is expected to be recognized as revenue in 2020.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions 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 net assets without donor restrictions.

Unconditional contributions are recognized as revenue when the related promise to give is received. Conditional contributions are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include management fees which are allocated to functional areas based on estimates of time and effort.

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.

Accounting Pronouncements Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Academy adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method approach.

The Academy performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues without donor restrictions, excess of revenues and gains over expenses and losses, or total net assets. The Academy's revenue recognition policies are detailed within Note 2.

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. The Academy adopted ASU 2018-08 on January 1, 2019.

(3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 24,379	\$ 23,176
U.S. Treasury obligations and obligations of U.S. Government Agencies	324,038	289,595
Corporate bonds	166,239	177,604
Fixed income mutual funds	128,114	118,049
Common stocks	<u>139,521</u>	<u>108,237</u>
	<u>\$782,291</u>	<u>\$716,661</u>

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 19,335	\$ 20,034
Net realized and unrealized gain (loss)	52,895	(16,579)
Investment management fees	<u>(5,423)</u>	<u>(5,250)</u>
	<u>\$ 66,807</u>	<u>\$ (1,795)</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) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for travel scholarships.

(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 \$476,352 and \$462,979 for the years ended December 31, 2019 and 2018, 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.

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(7) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Academy's financial assets as of the statement of financial position date, which has been by financial assets net available within one year.

	<u>2019</u>	<u>2018</u>
Cash	\$ 98,009	\$ 328,377
Accounts receivable	25,118	4,184
Investments	<u>782,291</u>	<u>716,661</u>
Total financial assets available within one year	905,418	1,049,222
Less: financial assets not available for general operations within one year		
Restricted by donor for specific purposes or periods	<u>(22,227)</u>	<u>(53,726)</u>
	<u>\$883,191</u>	<u>\$ 995,496</u>

Liquidity Management

As part of the Academy's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds.

(8) SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 4, 2020, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in the financial statements.