

ACADEMY FOR EATING DISORDERS

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Academy for Eating Disorders
Reston, Virginia

We have audited the accompanying financial statements of Academy for Eating Disorders (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 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.

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 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 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 Academy for Eating Disorders as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of Academy for Eating Disorders as of December 31, 2019, were audited by other auditors whose report dated September 4, 2020 expressed an unmodified opinion on those statements.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
April 26, 2021

ACADEMY FOR EATING DISORDERS
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 206,096	\$ 98,009
Accounts receivable	3,200	25,118
Prepaid expenses	211,859	185,322
Investments	711,146	782,291
Total assets	\$ 1,132,301	\$ 1,090,740
LIABILITIES		
Accounts payable	\$ 182,220	\$ 1,896
Deferred revenue	154,005	153,151
Total liabilities	336,225	155,047
NET ASSETS		
Without member restrictions	777,349	913,466
With member restrictions		
Scholarships	18,727	22,227
Total net assets	796,076	935,693
Total liabilities and net assets	\$ 1,132,301	\$ 1,090,740

See accompanying notes.

ACADEMY FOR EATING DISORDERS
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Member Restrictions	With Member Restrictions	Total	Without Member Restrictions	With Member Restrictions	Total
SUPPORT AND REVENUE						
Program service revenue						
Membership dues	\$ 248,935	\$ -	\$ 248,935	\$ 299,714	\$ -	\$ 299,714
Annual meeting	218,100	-	218,100	918,712	-	918,712
Publications	5,828	-	5,828	5,485	-	5,485
Other revenue	3,323	-	3,323	13,660	-	13,660
Contributions	23,591	16,500	40,091	21,240	19,000	40,240
Investment return, net	73,861	-	73,861	66,807	-	66,807
Total support and revenue	573,638	16,500	590,138	1,325,618	19,000	1,344,618
EXPENSES						
Program services	426,961	-	426,961	883,767	-	883,767
Management and general	302,794	-	302,794	391,371	-	391,371
Total expenses	729,755	-	729,755	1,275,138	-	1,275,138
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	20,000	(20,000)	-	50,499	(50,499)	-
Change in net assets	(136,117)	(3,500)	(139,617)	100,979	(31,499)	69,480
Net assets at beginning of year	913,466	22,227	935,693	812,487	53,726	866,213
Net assets at end of year	<u>\$ 777,349</u>	<u>\$ 18,727</u>	<u>\$ 796,076</u>	<u>\$ 913,466</u>	<u>\$ 22,227</u>	<u>\$ 935,693</u>

See accompanying notes.

ACADEMY FOR EATING DISORDERS
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	2020		
	Program Services	Management and General	Total Expenses
Abstract processing	\$ 2,955	\$ -	\$ 2,955
Audio-visual	22,016	-	22,016
Awards and scholarships	27,923	-	27,923
Bank and credit card fees	-	16,200	16,200
Facility, food and beverage	13,269	-	13,269
Information technology	15,275	41,119	56,394
Insurance	1,621	2,481	4,102
Management fees	279,667	210,977	490,644
Marketing	-	1,700	1,700
Printing, copies and design	26,267	4,902	31,169
Professional fees	120	9,300	9,420
Speaker fees	5,043	-	5,043
Travel	8,898	860	9,758
Bad debt expense	-	14,350	14,350
Miscellaneous	23,907	905	24,812
Total expenses	<u>\$ 426,961</u>	<u>\$ 302,794</u>	<u>\$ 729,755</u>
	2019		
	Program Services	Management and General	Total Expenses
Abstract processing	\$ 10,850	\$ -	\$ 10,850
Audio-visual	90,823	-	90,823
Awards and scholarships	83,797	-	83,797
Bank and credit card fees	7,128	28,130	35,258
Facility, food and beverage	320,661	1,000	321,661
Information technology	170	41,692	41,862
Insurance	2,826	844	3,670
Journal subscription expense	-	10,732	10,732
Management fees	219,122	257,230	476,352
Marketing	15,780	9,977	25,757
Printing, copies and design	49,128	7,518	56,646
Professional fees	8,728	9,266	17,994
Speaker fees	30,148	5,340	35,488
Travel	10,615	3,390	14,005
Bad debt expense	-	4,744	4,744
Miscellaneous	33,991	11,508	45,499
Total expenses	<u>\$ 883,767</u>	<u>\$ 391,371</u>	<u>\$ 1,275,138</u>

See accompanying notes.

ACADEMY FOR EATING DISORDERS
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (139,617)	\$ 69,480
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Bad debt expense	14,350	4,744
Net realized and unrealized gains on investments	(60,436)	(52,895)
(Increase) decrease in assets		
Accounts receivable	7,568	(25,678)
Prepaid expenses	(26,537)	(64,812)
Increase (decrease) in liabilities		
Accounts payable	180,324	1,896
Deferred revenue	854	(150,368)
Net cash flows from operating activities	(23,494)	(217,633)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	145,000	280,478
Interest and dividends retained in investments	(13,419)	(293,213)
Net cash flows from investing activities	131,581	(12,735)
Net change in cash	108,087	(230,368)
Cash at beginning of year	98,009	328,377
Cash at end of year	<u>\$ 206,096</u>	<u>\$ 98,009</u>

See accompanying notes.

ACADEMY FOR EATING DISORDERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Academy for Eating Disorders (the Academy) is a not-for-profit members' 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 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.

Investments

The Academy carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Accounts Receivable

Accounts receivable consist of publication fees and advertising. Accounts receivable are reported at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge and to the valuation allowance and a credit to accounts receivable. As of December 31, 2020, management has determined, based on an analysis of amounts outstanding, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. As of December 31, 2019, accounts receivable are reported net of allowance for doubtful accounts of \$5,000.

Contributions

Contributions that are restricted by the member are reported as increases in net assets without member restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other member-restricted contributions are reported as increases in net assets with member restrictions. When a restriction expires, net assets with member restrictions are reclassified to net assets without member restrictions and reported in the statements of activities as net assets released from restrictions.

ACADEMY FOR EATING DISORDERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Academy's earned revenue consist of membership dues, annual meeting fees, publications, and conference revenue.

The Academy recognizes revenue from membership dues ratably over the applicable membership period, which is on an anniversary basis. The Academy generally bills members one month in advance of the applicable membership period. Membership dues received in advance of the applicable membership period are deferred and recognized as revenue in that future period. Membership dues are nonrefundable.

Annual meeting fees are based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in 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 customer or over the period of time that the customer may access the resource depending on the type of publication.

Revenue from conferences (for example, ticket sales and sponsorships) are generally considered to be single performance obligations that are satisfied at a point in time or over the period of the conference.

Deferred revenue is expected to be recognized as revenue in the subsequent year.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include management fees, which are allocated on the basis of estimates of time and effort.

Income Tax Status

Academy for Eating Disorders 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 is subject to taxation as unrelated business income.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ACADEMY FOR EATING DISORDERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through April 26, 2021, the date which the financial statements were available to be issued.

NOTE 2—INVESTMENTS

Investments at December 31, 2020 and 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 17,790	\$ 24,379
U.S. Treasury obligations	238,453	324,038
Corporate bonds	133,333	166,239
Fixed income mutual funds	127,685	128,114
Common stock	<u>193,885</u>	<u>139,521</u>
Investments	<u>\$ 711,146</u>	<u>\$ 782,291</u>

Fixed income mutual funds and common stock are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements. U.S. Treasury obligations and corporate bonds are valued using a market approach that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

NOTE 3—COMMITMENTS

Management Services

The Academy has a management contract with Virtual, Inc. The contract continues indefinitely, unless either party decides to terminate the contract with 180 days' written notice, and provides payment for salaries, benefits and overhead for the Academy's office administration, financial management, membership, annual meeting, and web development. For the year ended December 31, 2020 and 2019, fees paid to Virtual, Inc. under this contract totaled \$490,644 and \$476,352, respectively.

Hotel Commitments

The Academy has entered into agreements to reserve space for future conferences through 2024. These agreements indicated that the Academy would be liable for certain cancellation fees and liquidated damages in the event of cancellation. If cancellations occur, the Academy could be liable for up to approximately \$466,000.

ACADEMY FOR EATING DISORDERS
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4—RISKS AND UNCERTAINTIES

The COVID-19 outbreak has caused disruption for nonprofit organizations and other businesses and has resulted in significant volatility in the financial markets. There have been mandated and voluntary closings of businesses including cancellations of events and meetings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions on gatherings and potential economic impacts. At this time, the potential related financial impact on the Academy's operations and financial statements cannot be reasonably estimated.

NOTE 5—LIQUIDITY AND AVAILABILITY

The following table reflects the Academy's financial assets as of the date of the statements of financial position, reduced by amounts that are not available to meet cash needs for general expenditures within one year of the statements of financial position date because of member-imposed restrictions:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 206,096	\$ 98,009
Accounts receivable	3,200	25,118
Investments	<u>711,146</u>	<u>782,291</u>
Total financial assets	920,442	905,418
Less those unavailable for general expenditures within one year due to:		
Restricted by members with purpose restrictions	<u>(18,727)</u>	<u>(22,227)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 901,715</u></u>	<u><u>\$ 883,191</u></u>

As part of the Academy's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. The Academy invests cash in excess of daily requirements in short-term investments, typically money market funds.