

Academy for Eating Disorders

Financial Statements

Year ended December 31, 2018



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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, 2018, 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, 2018, 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' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
April 29, 2019**

ACADEMY FOR EATING DISORDERS

STATEMENT OF FINANCIAL POSITION

December 31, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 328,377	\$ 185,680
Accounts receivable	4,184	229
Prepaid expenses and other assets	120,510	76,493
Investments	<u>716,661</u>	<u>719,602</u>
Total assets	<u>\$ 1,169,732</u>	<u>\$ 982,004</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ 200
Deferred revenue	<u>303,519</u>	<u>159,304</u>
Total liabilities	<u>303,519</u>	<u>159,504</u>
NET ASSETS		
Without donor restrictions	812,487	763,530
With donor restrictions	<u>53,726</u>	<u>58,970</u>
Total net assets	<u>866,213</u>	<u>822,500</u>
Total liabilities and net assets	<u>\$ 1,169,732</u>	<u>\$ 982,004</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF ACTIVITIES

Year ended December 31, 2018 with comparative totals for 2017

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2018	2017
REVENUE AND SUPPORT				
Membership dues	\$ 292,761	\$ -	\$ 292,761	\$ 208,122
Annual meeting	832,224	-	832,224	422,347
Publications	7,207	-	7,207	92,546
Contributions	37,193	32,445	69,638	90,408
Investment income (loss)	(1,795)	-	(1,795)	52,288
Other revenue	11,335	-	11,335	2,609
Net assets released from restrictions	37,689	(37,689)	-	-
Total revenue and support	<u>1,216,614</u>	<u>(5,244)</u>	<u>1,211,370</u>	<u>868,320</u>
EXPENSES				
Program services	793,501	-	793,501	810,253
Supporting service				
Management and general	374,156	-	374,156	354,973
Total expenses	<u>1,167,657</u>	<u>-</u>	<u>1,167,657</u>	<u>1,165,226</u>
CHANGE IN NET ASSETS	48,957	(5,244)	43,713	(296,906)
NET ASSETS				
Beginning of year	763,530	58,970	822,500	1,119,406
End of year	<u>\$ 812,487</u>	<u>\$ 53,726</u>	<u>\$ 866,213</u>	<u>\$ 822,500</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018 with comparative totals for 2017

	Program Services	Management and General	Totals	
			2018	2017
Abstract processing	\$ 12,937	\$ -	\$ 12,937	\$ 12,765
Audio-visual	97,949	-	97,949	70,135
Awards and scholarships	72,372	-	72,372	40,669
Bank and credit card fees	15,650	4,777	20,427	21,610
Board expenses	2,689	12,598	15,287	35,818
Facility, food and beverage	274,731	-	274,731	255,295
Information technology	792	49,020	49,812	68,250
Insurance	2,568	3,316	5,884	5,681
Journal subscription expense	5,201	12,204	17,405	72,238
Management fees	213,305	249,674	462,979	449,679
Marketing	2,976	10,364	13,340	9,425
Printing, copies and design	34,950	1,070	36,020	34,950
Professional fees	12,468	12,122	24,590	19,205
Speaker fees	23,123	-	23,123	27,989
Travel	8,573	8,568	17,141	28,908
Miscellaneous	13,217	10,443	23,660	12,609
Total expenses	\$ 793,501	\$ 374,156	\$ 1,167,657	\$ 1,165,226

See accompanying notes

ACADEMY FOR EATING DISORDERS

STATEMENT OF CASH FLOWS

Year ended December 31, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 43,713	\$ (296,906)
<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	16,579	(37,073)
(Increase) decrease in		
Accounts receivable	(3,955)	134,440
Prepaid expenses and other assets	(44,017)	12,271
Increase (decrease) in		
Accounts payable and accrued expenses	(200)	(5,749)
Deferred revenue	<u>144,215</u>	<u>(35,121)</u>
Net cash provided by (used for) operating activities	<u>156,335</u>	<u>(228,138)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(332,982)	(286,800)
Proceeds from sale of investments	<u>319,344</u>	<u>496,732</u>
Net cash provided by (used for) investing activities	<u>(13,638)</u>	<u>209,932</u>
Net change in cash	142,697	(18,206)
CASH		
Beginning of year	<u>185,680</u>	<u>203,886</u>
End of year	<u>\$ 328,377</u>	<u>\$ 185,680</u>

See accompanying notes

ACADEMY FOR EATING DISORDERS

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

(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 Society 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.

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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, 2017, 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

Membership dues 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 net assets without donor restrictions or 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.

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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 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

On August 18, 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Academy has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Academy's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- A statement of functional expenses was added providing an analysis of expenses by functional and natural expense classifications.
- The financial statements include a new disclosure about liquidity and availability of resources (**Note 7**).

(3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 23,176	\$ 17,145
U.S. Treasury obligations and obligations of U.S. Government Agencies	289,595	282,559
Corporate bonds	177,604	212,487
Fixed income mutual funds	118,049	88,754
Common stocks	<u>108,237</u>	<u>118,657</u>
	<u>\$716,661</u>	<u>\$719,602</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 20,034	\$ 21,858
Net realized and unrealized gain (loss)	(16,579)	37,073
Investment management fees	<u>(5,250)</u>	<u>(6,643)</u>
	<u>\$ (1,795)</u>	<u>\$ 52,288</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 at December 31, are restricted for the following purposes:

	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance December 31, 2018</u>
Annual meeting	\$55,065	\$32,445	\$(33,784)	\$53,726
Awards and scholarships	3,305	-	(3,305)	-
Other	<u>600</u>	<u>-</u>	<u>(600)</u>	<u>-</u>
	<u>\$58,970</u>	<u>\$32,445</u>	<u>\$(37,689)</u>	<u>\$53,726</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 \$462,979 and \$449,679 for the years ended December 31, 2018 and 2017, 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) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Academy's financial assets as of the statement of financial position date. All amounts are available within one year of the statement of financial position date.

Cash	\$ 328,377
Accounts receivable	4,184
Investments	<u>716,661</u>
Total financial assets available within one year	<u>\$1,049,222</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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 April 29, 2019, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2018 that require recognition or disclosure in the financial statements.