

**Financial Statements
Year Ended
December 31, 2015**

American Thyroid Association, Inc.



Certified Public Accountants

American Thyroid Association, Inc.

Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 16
Supplementary Information	
Schedule of Functional Expenses	17
Comparison to Budget	18



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, 2015, 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, 2015, 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 and comparison to budget on pages 17 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 12, 2016

American Thyroid Association, Inc.

Statement of Financial Position

December 31, 2015

Assets	
Current assets	
Cash and cash equivalents	\$ 2,011,562
Receivables	136,385
Prepaid expenses	12,660
Total current assets	2,160,607
Property and equipment, net	89,520
Investments	5,580,427
Other assets	
Deposits	21,822
Thyroid library	18,865
Trademarks, net	1,348
	\$ 7,872,589
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 430,980
Deferred revenue	468,913
Total current liabilities	899,893
Deferred rent	30,102
Total liabilities	929,995
Net assets	
Unrestricted	768,310
Unrestricted, board designated	2,132,710
Total unrestricted net assets	2,901,020
Temporarily restricted	943,859
Permanently restricted	3,097,715
Total net assets	6,942,594
	\$ 7,872,589

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

American Thyroid Association, Inc.

Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
CME grants	\$ 404,000	\$ -	\$ -	\$ 404,000
Meeting registration	1,650,470	-	-	1,650,470
Other meeting revenue	990,152	-	-	990,152
Research grants	-	258,750	-	258,750
Publications and communications	419,598	-	-	419,598
Member dues	438,091	-	-	438,091
Individual and corporate donations	47,798	58,994	2,200	108,992
Member donations	23,630	40,137	31,750	95,517
Interest, dividends and net realized loss on investments	18,618	44,927	-	63,545
Non-cash contributions received - securities	-	1,897	3,900	5,797
Net assets released from restrictions	354,217	(354,217)	-	-
Total support and revenue	4,346,574	50,488	37,850	4,434,912
Expenses				
Program services				
Education				
Scientific meetings - venue to share knowledge and gather information on causes and cures of thyroid disease with professionals	2,260,734	-	-	2,260,734
Public, patient and professional awareness - provide the public and health professionals with information and education	580,381	-	-	580,381
Publications - provide information on research and treatments	399,126	-	-	399,126
Research - support to academic institutions and scientists to research thyroid disorders	518,218	-	-	518,218
Total program services	3,758,459	-	-	3,758,459
Management and general	59,677	-	-	59,677
Fundraising - secures charitable financial support and compliance	117,277	-	-	117,277
Total expenses	3,935,413	-	-	3,935,413
Operational support and revenue in excess of expenses	411,161	50,488	37,850	499,499
Net unrealized loss on investments	(30,406)	(78,638)	-	(109,044)
Change in net assets	380,755	(28,150)	37,850	390,455
Net assets, beginning of year	2,520,265	972,009	3,059,865	6,552,139
Net assets, end of year	\$ 2,901,020	\$ 943,859	\$ 3,097,715	\$ 6,942,594

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

American Thyroid Association, Inc.

Statement of Cash Flows

Year Ended December 31, 2015

Cash flows from operating activities

Change in net assets	\$ 390,455
Adjustments to reconcile to net cash from operating activities:	
Depreciation and amortization	27,573
Non-cash contributions received - securities	(5,797)
Cash receipts resulting from sale of donated financial assets	4,357
Net realized loss on investments	155,031
Net unrealized loss on investments	109,044
Change in:	
Receivables	(11,474)
Prepaid expenses	6,150
Deposits	(9,738)
Accounts payable and accrued expenses	368,460
Deferred revenue	103,926
Deferred rent	(3,348)

Net cash flows from operating activities	<u>1,134,639</u>
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Cash flows from investing activities

Investment purchases and reinvestments	(4,399,405)
Proceeds from sale of investments	4,147,142
Purchase of property and equipment	<u>(29,890)</u>

Net cash flows from investing activities	<u>(282,153)</u>
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Net change in cash and cash equivalents	852,486
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Cash and cash equivalents, beginning of year	<u>1,159,076</u>
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Cash and cash equivalents, end of year	<u>\$ 2,011,562</u>
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The accompanying notes are an integral part of these financial statements.

American Thyroid Association, Inc.

Notes to Financial Statements

December 31, 2015

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 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 physiopathology. 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. 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.

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.

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 \$2,132,709 of unrestricted funds at December 31, 2015 as follows: \$1,946,195 to serve as an operational and other reserve; \$147,688 from a 2007 bequest to be spent for clinical initiatives; and \$38,826 from contributions received from a foundation which ceased operations, to be spent on patient education. These funds are invested in money market funds with a net asset value of \$1 per share and are included in cash and cash equivalents.

Temporarily Restricted Funds

ITC Travel Fund

The International Thyroid Congress (ITC), which first met in 1927, is a collaborative meeting held every fifth year by the four world thyroid societies – the Latin American Thyroid Association (LATS), the European Thyroid Association (ETA), the Asia & Oceania Thyroid Association (AOTA), and the ATA. Each society hosts the ITC on a rotating basis. The ITC Travel Fund represents the Association's share of the net revenue of the previous ITC. During 2015, \$16,321 was spent for young investigator travel to the ITC meeting hosted by the ATA in Lake Buena Vista, Florida. There was no balance remaining in this fund at December 31, 2015.

Research Fund

The Research Fund supports thyroid research and includes contributions from the Combined Federal Campaign, United Way and Independent Charities of America. The ATA is included in the Combined Federal Campaign (CFC) as a member of Health & Medical Research Charities of America federation. There were no temporarily restricted research funds at December 31, 2015.

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, 2015.

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. When donations reach \$100,000, the fund will become a permanent endowment. The balance in this fund was \$89,004 at December 31, 2015.

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 \$853,355 at December 31, 2015.

Permanently Restricted Funds

Sidney H. Ingbar Fund

The Sidney H. Ingbar Fund (Ingbar 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.

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.

Campaign Fund

The Campaign Fund supports peer-reviewed clinical and basic science investigations of exceptional merit.

New Hampshire Charitable Foundation Fund

The New Hampshire Charitable Foundation Fund was formed to support 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 will be added to the ATA's existing research endowment and will be overseen by the board of directors in accordance with board approved policies.

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.

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.

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.

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.

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.

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, 2015, 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.

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.

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, 2015 include \$56,122 for meeting support, \$12,649 for donations, \$44,134 for 2015 journal royalties, \$18,260 for membership dues, \$5,000 for publication support and miscellaneous receivables of \$220. Management has determined all accounts are collectible and, therefore, there is no allowance for doubtful accounts at December 31, 2015.

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.

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 grants in support of future projects are also included in deferred revenue.

At December 31, 2015, deferred revenue consisted of membership dues of \$255,435, grants of \$79,760, meeting revenue of \$21,950 and 2016 publication revenue of \$111,767.

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.

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, 2015, bank deposits exceeded FDIC limits by \$334,155. 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, 2015. 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. At a minimum, the December 31, 2012 through 2015 tax years are open for examination by taxing authorities.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 12, 2016, 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, 2015 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Checking accounts	\$ 446,959	\$ -	\$ -	\$ 446,959
CDARs	\$ 1,000,000			1,000,000
Money market accounts	395,973	-	-	395,973
Money market funds	168,630	-	-	168,630
Total	\$ 2,011,562	\$ -	\$ -	\$ 2,011,562

Fair value approximates cost.

4. Investments and Fair Value Measurements

The fair market value of investments, with a cost basis of \$5,650,146, at December 31, 2015 were:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Equity securities	\$ 1,116,079	\$ 943,859	\$ 3,097,715	\$ 5,157,653
Debt securities	422,774	-	-	422,774
Total	\$ 1,538,853	\$ 943,859	\$ 3,097,715	\$ 5,580,427

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, 2015:

	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	\$ 269,486	\$ -	\$ -	\$ 269,486
Preferred stocks	288	-	-	288
Mutual funds	4,887,878	-	-	4,887,878
Debt securities				
US Treasury securities	69,414	-	-	69,414
Government-backed securities	54,467	-	-	54,467
Corporate bonds	298,894			298,894
	\$ 5,580,427	\$ -	\$ -	\$ 5,580,427

Net investment return for 2015 consisted of the following:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 61,847	\$ 156,729	\$ 218,576
Net realized gains (losses)	(43,229)	(111,802)	(155,031)
Total interest, dividends and net realized gains (losses)	18,618	44,927	63,545
Net unrealized gains (losses)	(30,406)	(78,638)	(109,044)
Investment advisory fees	(8,856)	(22,903)	(31,759)
Net investment return	\$ (20,644)	\$ (56,614)	\$ (77,258)

5. Property and equipment

Property and equipment consisted of the following at December 31, 2015:

	Cost	Accumulated Depreciation	Depreciation Expense	Estimated Life (years)
Furniture, fixtures, and equipment	\$ 33,679	\$ (16,991)	\$ 2,235	5-7
Computer hardware	28,170	(17,859)	2,347	5
Computer software	4,971	(4,905)	1,237	3
Website and database	69,352	(40,831)	15,199	3
Improvements	43,703	(9,769)	6,170	7
Total	\$ 179,875	\$ (90,355)	\$ 27,188	

Intellectual Property

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. During 2014 these trademarks were renewed for an additional five years at a cost of \$1,925. The \$7,058 cost associated with these applications are capitalized on the statement of financial position as Trademarks at December 31, 2015 and amortized over a five year period. Accumulated amortization was \$5,710 at December 31, 2015.

Depreciation and amortization for the year ended December 31, 2015 were \$27,188 and \$385, respectively, totaling \$27,573.

6. Publications and Communications

On January 1, 2011, the Association's agreement with a publishing company (Publisher) to publish and sell *Thyroid*, the official journal of the American Thyroid Association, automatically renewed for an additional seven years beginning January 1, 2012. The agreement may be renegotiated or canceled beyond this term with written notice given by December 31, 2017. Mary Ann Liebert, Inc., Publishers, owns the copyright on the content of the *Thyroid* journal. The American Thyroid Association owns the name of the journal *Thyroid*. 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. The Association earns royalty income from the publication of *Thyroid* for the use of the ATA trademark, logo and other materials.

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* will belong 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 Association extended their agreement with the Editor in Chief of *Clinical Thyroidology* effective January 1, 2011 through January 1, 2014 through December 31, 2015. The Association entered into an agreement with the Editor in Chief of *VideoEndocrinology* effective January 1, 2014 through January 1, 2018. 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 \$419,598 includes subscription revenue of \$169,980 from *Thyroid*, editorial support of \$66,600, manuscript fees of \$56,440, and net royalty income of \$126,578.

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, 2015</u>
Temporarily Restricted	
Image library project	\$ 1,500
Ridgway Legacy Fund	89,004
Endowment appreciation	<u>853,355</u>
	<u>\$ 943,859</u>
Permanently Restricted	
Campaign Fund	\$ 1,803,120
New Hampshire Charitable Foundation	406,015
Endowment Fund	321,697
Sidney H. Ingbar Fund	82,245
Arthur Bauman Fund	85,425
Clark T. Sawin Fund	50,000
USC Fellows Fund	40,000
Stanbury Pathophysiology Fund	61,713
Braverman Fund	<u>247,500</u>
	<u>\$ 3,097,715</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2015

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 972,009	\$ 3,059,865	\$ 4,031,874
Investment return:			
Interest and dividends	156,729	-	156,729
Net realized gains (losses)	(111,802)	-	(111,802)
Net unrealized gains (losses)	(78,638)	-	(78,638)
Advisory fees	(22,903)	-	(22,903)
Total investment return	(56,614)	-	(56,614)
Contributions	101,028	37,850	138,878
Appropriation of endowment assets for expenditure	(72,564)	-	(72,564)
Endowment net assets, end of year	\$ 943,859	\$ 3,097,715	\$ 4,041,574

All investment returns on permanently restricted funds are accumulated as temporarily restricted until appropriated for expenditure.

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, 2015.

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. The Association's contributions totaled \$60,241 for the year.

The Association maintains a Tax-Exempt Organization Eligible 457b 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 2015.

The Association maintains an unfunded Tax-Exempt Organization Eligible 457f Plan. Participation in the plan is restricted to "top hat" employees as understood in Title 1 of ERISA.

9. Leases

The Association leased office space under a month to month an agreement until November 2013, when the Association entered into an 87-month operating lease for office space. The new lease expires January 31, 2021. On April 28, 2014, the Association amended this lease to reflect an increase in square footage of leased space. The lease includes additional office space. 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.

Rent expense for the year ended December 31, 2015 was \$26,654.

Minimum future lease obligations for years ending December 31 are:

2016	\$ 30,397
2017	31,233
2018	32,092
2019	32,974
2020	33,879
Thereafter	2,890
	<u>\$ 163,465</u>

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, 2015
2016 May	Consortium Meeting	Philadelphia, PA	\$ 1,225
2016 September	Annual Meeting	Denver, CO	\$ 348,561
2017 October	Annual Meeting	Victoria, BC, Canada	\$ 196,288
2018 October	Annual Meeting	Washington, DC	\$ 202,688
2019 October	Annual meeting	Chicago, IL	\$ 96,911
2020 May	Spring meeting	New York, NY	\$ 42,809
2024 October	Annual meeting	Chicago, IL	\$ 27,731

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

11. Subsequent Event

On January 4, 2016, the Association settled a claim for attrition fees with the hotel that held the Association's meeting over the period October 14-27, 2015 for \$68,000. This amount was included in the Associations operating expenses for 2015 and in accounts payable at December 31, 2015. The amount was paid in full on January 4, 2016. The Association also entered into contracts for future meetings with two properties with common ownership to the hotel which are included in Note 10.

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American Thyroid Association, Inc.

Schedule of Functional Expenses

Year Ended December 31, 2015

	Program Services				Supporting Services		
	Education		Research	Total Program Services	Management		Total
	Scientific Meetings	Public, Patient and Professional Awareness				Fundraising	
Expenses							
Salaries	\$ 248,688	\$ 221,753	\$ 15,031	\$ 590,278	\$ 33,303	\$ 32,029	\$ 655,610
Employee benefits	62,942	56,155	3,788	149,318	8,403	8,089	165,810
Payroll taxes	18,962	16,912	1,145	45,008	2,540	2,445	49,993
Professional and contracted services	61,336	86,859	5,577	171,145	4,961	4,776	180,882
Editorial management	-	6,000	-	78,327	-	-	78,327
Travel	116,176	24,592	-	142,581	1,113	3,100	146,794
Convention and facility	1,552,781	53,251	-	1,616,442	1,820	14,653	1,632,915
Research grants	-	-	490,000	490,000	-	-	490,000
Printing and design	32,363	10,776	-	175,128	-	6,039	181,167
Information technology	64,567	59,299	991	133,789	1,943	2,252	137,984
Supplies	43,292	3,090	130	51,607	288	707	52,602
Telephone	2,313	9,614	16	12,305	343	192	12,840
Postage and shipping	25,160	1,049	27	26,236	517	3,227	29,980
Occupancy	11,083	9,885	669	26,306	1,485	1,429	29,220
Depreciation and amortization	10,459	9,328	631	24,824	1,401	1,348	27,573
Investment advisory fees	-	-	-	-	-	31,759	31,759
Insurance	10,108	2,780	188	14,389	417	402	15,208
Dues and subscriptions	-	8,665	-	9,698	1,087	4,776	15,561
Taxes and licenses	504	373	25	1,078	56	54	1,188
	\$ 2,260,734	\$ 580,381	\$ 518,218	\$ 3,758,459	\$ 59,677	\$ 117,277	\$ 3,935,413

See independent auditors' report.

American Thyroid Association, Inc.

Comparison to Budget

Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>
Support and Revenue		
CME grants	\$ 404,000	\$ 325,000
Meeting registration	1,650,470	1,607,625
Other meeting revenue	990,152	892,815
Research grants	258,750	230,000
Publications and communications	419,598	450,520
Member dues	438,091	383,650
Individual and corporate donations	108,992	101,220
Member donations	95,517	40,880
Interest, dividends and net realized loss on investments	63,545	122,380
Non-cash contributions received - securities	5,797	-
Total support and revenue	<u>4,434,912</u>	<u>4,154,090</u>
Expenses		
Program expenses		
Education		
Scientific meetings	2,260,734	2,643,540
Public, patient and professional awareness	580,381	612,155
Publications	399,126	418,988
Research	518,218	488,132
Total program expenses	<u>3,758,459</u>	<u>4,162,815</u>
Management and general	59,677	58,325
Fundraising	117,277	122,193
Total expenses	<u>3,935,413</u>	<u>4,343,333</u>
Operational support and revenue in excess of expenses	499,499	(189,243)
Net unrealized loss on investments	(109,044)	58,730
Support and revenue in excess of expenses	<u>\$ 390,455</u>	<u>\$ (130,513)</u>

See independent auditors' report.