

**Financial Statements
Year Ended
December 31, 2016**

American Thyroid Association, Inc.

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 – 15
Supplementary Information	
Schedule of Functional Expenses	16
Comparison to Budget	17



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, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2016, 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 16 to 17 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
July 19, 2017

American Thyroid Association, Inc.

Statement of Financial Position

December 31, 2016

Assets	
Current assets	
Cash and cash equivalents	\$ 1,673,723
Receivables	145,273
Prepaid expenses	32,484
Total current assets	1,851,480
Property and equipment, net	77,618
Investments	5,999,008
Other assets	
Deposits	29,013
Thyroid library	18,865
Trademarks, net	29,826
	\$ 8,005,810
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 225,769
Deferred revenue	497,161
Deferred rent	4,998
Total current liabilities	727,928
Long-term liability, less current maturities	
Deferred rent	20,943
Total liabilities	748,871
Net assets	
Unrestricted	743,473
Unrestricted, board designated	2,289,784
Total unrestricted net assets	3,033,257
Temporarily restricted	997,599
Permanently restricted	3,226,083
Total net assets	7,256,939
	\$ 8,005,810

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

American Thyroid Association, Inc.

Statement of Activities

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
CME grants	\$ 135,000	\$ -	\$ -	\$ 135,000
Meeting registration	865,028	-	-	865,028
Other meeting revenue	522,324	-	-	522,324
Research grants	-	258,750	-	258,750
Publications and communications	451,872	-	-	451,872
Member dues	415,886	-	-	415,886
Individual and corporate donations	40,173	65,116	98	105,387
Member donations	18,682	60,140	1,950	80,772
Interest, dividends and net realized loss on investments	55,894	62,225	-	118,119
Net assets released from restrictions	380,782	(380,576)	(206)	-
Total support and revenue	2,885,641	65,655	1,842	2,953,138
Expenses				
Program services				
Education				
Scientific meetings - venue to share knowledge and gather information on causes and cures of thyroid disease with professionals	1,057,010	-	-	1,057,010
Public, patient and professional awareness - provide the public and health professionals with information and education	687,682	-	-	687,682
Publications - provide information on research and treatments	419,008	-	-	419,008
Research - support to academic institutions and scientists to research thyroid disorders	490,459	-	-	490,459
Total program services	2,654,159	-	-	2,654,159
Management and general	61,237	-	-	61,237
Fundraising - secures charitable financial support and compliance	138,608	-	-	138,608
Total expenses	2,854,004	-	-	2,854,004
Loss on disposal of property and equipment	814	-	-	814
Total expenses and losses	2,854,818	-	-	2,854,818
Operational support and revenue in excess of expenses and losses	30,823	65,655	1,842	98,320
Net unrealized gain on investments	101,414	114,611	-	216,025
Endowment transfer	-	(126,526)	126,526	-
Change in net assets	132,237	53,740	128,368	314,345
Net assets, beginning of year	2,901,020	943,859	3,097,715	6,942,594
Net assets, end of year	\$ 3,033,257	\$ 997,599	\$ 3,226,083	\$ 7,256,939

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

American Thyroid Association, Inc.

Statement of Cash Flows

Year Ended December 31, 2016

Cash flows from operating activities

Change in net assets	\$ 314,345
Adjustments to reconcile to net cash from operating activities:	
Depreciation and amortization	31,627
Loss on disposal of property and equipment	814
Net realized loss on investments	15,050
Net unrealized gain on investments	(216,025)
Change in:	
Receivables	(8,888)
Prepaid expenses	(19,824)
Deposits	(7,191)
Accounts payable and accrued expenses	(205,211)
Deferred revenue	28,248
Deferred rent	(4,161)
Net cash flows from operating activities	<u>(71,216)</u>

Cash flows from investing activities

Investment purchases and reinvestments	(1,984,201)
Trademark costs	(28,863)
Proceeds from sale of investments	1,766,595
Purchase of property and equipment	<u>(20,154)</u>
Net cash flows from investing activities	<u>(266,623)</u>

Net change in cash and cash equivalents	(337,839)
Cash and cash equivalents, beginning of year	<u>2,011,562</u>
Cash and cash equivalents, end of year	<u>\$ 1,673,723</u>

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

American Thyroid Association, Inc.

Notes to Financial Statements

December 31, 2016

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 \$2,289,784 of unrestricted funds at December 31, 2016 as follows: \$2,099,243 to serve as an operational and other reserve; \$150,877 from a 2007 bequest to be spent for clinical initiatives; and \$39,664 from contributions received from a foundation which ceased operations, to be spent on patient education. These funds are invested in CD's, money market funds with a net asset value of \$1 per share (included in cash and cash equivalents) as well as equity and debt securities.

Temporarily Restricted Funds

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, 2016.

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 of \$126,526 at December 31, 2016 has been reclassified as a permanently restricted endowment. See Permanently Restricted Funds below.

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 \$996,099 at December 31, 2016.

Permanently Restricted Funds

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.

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.

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.

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.

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.

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.

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.

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. During the year ended December 31, 2016, the fund was reclassified as a permanently restricted endowment.

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, 2016, 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, 2016 include \$4,593 for meeting support, \$15,384 for donations, \$58,459 for 2016 journal royalties, \$26,487 for membership dues and publication subscriptions, \$11,600 for publication support and \$28,750 for a research grant. Management has determined all accounts are collectible and, therefore, there is no allowance for doubtful accounts at December 31, 2016.

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, 2016, deferred revenue consisted of membership dues of \$306,087, grants of \$57,522, meeting revenue of \$12,000 and 2017 publication revenue of \$121,552.

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, 2016, bank deposits exceeded FDIC limits by \$259,090. 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, 2016. 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, 2013 through 2016 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 July 19, 2017, 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, 2016 is as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Checking accounts	\$ 477,916	\$ -	\$ -	\$ 477,916
CDARs	500,000	-	-	500,000
Money market accounts	296,806	-	-	296,806
Money market funds	399,001	-	-	399,001
Total	\$ 1,673,723	\$ -	\$ -	\$ 1,673,723

Fair value approximates cost.

4. Investments and Fair Value Measurements

The fair market value of investments, with a cost basis of \$5,858,775, at December 31, 2016 were:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Equity securities	\$ 1,469,225	\$ 997,599	\$ 3,226,083	\$ 5,692,907
Debt securities	306,101	-	-	306,101
Total	\$ 1,775,326	\$ 997,599	\$ 3,226,083	\$ 5,999,008

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, 2016:

	Level 1	Level 2	Level 3	Total
Equity securities				
Common stocks	\$ 293,435	\$ -	\$ -	\$ 293,435
Mutual funds	5,399,472	-	-	5,399,472
Debt securities				
US Treasury securities	52,150	-	-	52,150
Government-backed securities	62,073	-	-	62,073
Corporate bonds	191,878	-	-	191,878
	<u>\$ 5,999,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,999,008</u>

Net investment return for 2016 consisted of the following:

	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	\$ 62,959	\$ 70,210	\$ 133,169
Net realized losses	(7,065)	(7,985)	(15,050)
Total interest, dividends and net realized losses	55,894	62,225	118,119
Net unrealized gains	101,414	114,611	216,025
Investment advisory fees	(15,125)	(17,093)	(32,218)
Net investment return	<u>\$ 142,183</u>	<u>\$ 159,743</u>	<u>\$ 301,926</u>

5. Property and equipment

Property and equipment consisted of the following at December 31, 2016:

	Cost	Accumulated Depreciation	Depreciation Expense	Estimated Life (years)
Furniture, fixtures, and equipment	\$ 35,556	\$ (19,984)	\$ 2,993	5-7
Computer hardware	28,869	(17,992)	5,962	5
Computer software	4,971	(4,969)	64	3
Website and database	80,287	(56,884)	16,053	3
Improvements	43,703	(15,939)	6,170	7
Total	\$ 193,386	\$ (115,768)	\$ 31,242	

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, 2016 and amortized over a five year period. Accumulated amortization was \$6,095 at December 31, 2016. During 2016, work was begun to expand and renew the trademarks at a cost of \$28,863. The total cost will be capitalized and amortized over the trademarks' useful lives when work is completed.

Depreciation and amortization for the year ended December 31, 2016 were \$31,242 and \$385, respectively, totaling \$31,627.

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. Effective October 22, 2016, the agreement was extended through January 1, 2020. The Association earns royalty income from the publication of *Thyroid* Journal bundle.

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 October 24, 2016 through December 31, 2018. 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 \$451,872 includes subscription revenue of \$181,240 from *Thyroid*, editorial support of \$66,600, manuscript fees of \$56,015, and net royalty income of \$148,017.

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, 2016</u>
Temporarily Restricted	
Image library project	\$ 1,500
Endowment appreciation	996,099
	<u>\$ 997,599</u>
Permanently Restricted	
Campaign Fund	\$ 1,803,120
New Hampshire Charitable Foundation Fund	406,015
Endowment Fund	321,740
Sidney H. Ingbar Fund	82,245
Arthur Bauman Fund	85,425
Clark T. Sawin Endowment Fund	50,000
USC Thyroid Research Group Fellows Fund	40,000
Stanbury Pathophysiology Fund	61,713
Braverman Fund	249,299
Ridgway Legacy Fund	126,526
	<u>\$ 3,226,083</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2016

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 943,859	\$ 3,097,715	\$ 4,041,574
Investment return:			
Interest and dividends	87,303	-	87,303
Net realized losses	(7,985)	-	(7,985)
Advisory fees	(17,093)	-	(17,093)
Net unrealized gains	114,611	-	114,611
Total investment return	176,836	-	176,836
Reclassification to endowment fund	(126,526)	126,526	-
Contributions and grants	384,006	2,048	386,054
Net assets released from restrictions	(380,576)	(206)	(380,782)
Endowment net assets, end of year	\$ 997,599	\$ 3,226,083	\$ 4,223,682

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, 2016.

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. A discretionary profit-sharing contribution is made at the discretion of the Association's Board of Directors. The Association's contributions totaled \$66,661 for the year.

The Association maintains a Tax-Exempt Organization Eligible 457(b) 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 2016.

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

9. Leases

The Association leases office space under an 87-month operating lease for office space which expires January 31, 2021. 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.

Minimum future lease obligations for years ending December 31 are:

2017	\$ 31,233
2018	32,092
2019	32,974
2020	33,881
2021	2,888
	<u>\$ 133,068</u>

Rent expense for the year ended December 31, 2016 was \$26,654.

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, 2016
2017 April	Endocrine Society	Orlando, FL	\$ 9,500 *
2017 April	Endocrine Society	Orlando, FL	\$ 625
2017 May	MTC Registry Consortium	New York NY	\$ 11,706
2017 October	Annual Meeting	Victoria, BC, Canada	\$ 291,851
2017 October	Annual Meeting	Victoria, BC, Canada	\$ 4,600 *
2018 October	Annual Meeting	Washington, DC	\$ 337,814
2019 October	Annual meeting	Chicago, IL	\$ 96,911
2020 May	Spring meeting	New York, NY	\$ 42,809
2022 October	Annual Meeting	Montreal, QC, Canada	\$ 250,000 *
2024 October	Annual meeting	Chicago, IL	\$ 27,731

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

*Committed subsequent to year-end.

* * * * *

American Thyroid Association, Inc.

Schedule of Functional Expenses

Year Ended December 31, 2016

	Program Services			Supporting Services		
	Education		Research	Management and general		Fundraising
	Scientific Meetings	Public, Patient and Professional Awareness		Total Program Services		Total
Expenses						
Salaries	\$ 239,080	\$ 256,508	\$ 112,410	\$ 624,151	\$ 35,085	\$ 34,887
Convention and facility	531,887	60,237	1,845	594,059	-	28,014
Research grants	-	5,000	-	465,000	-	-
Professional and contracted services	45,393	95,776	27,274	174,454	5,962	14,438
Employee benefits	59,976	64,397	28,487	156,918	8,794	8,760
Printing and design	10,723	11,355	134,564	156,642	-	8,234
Information technology	43,355	53,603	16,361	113,743	634	979
Travel	55,312	51,617	-	106,929	1,823	-
Editorial management	-	6,000	75,116	81,116	-	-
Payroll taxes	14,946	16,035	7,030	39,022	2,192	2,182
Investment advisory fees	-	-	-	-	-	32,218
Depreciation and amortization	11,173	11,986	5,256	29,171	824	1,632
Occupancy	10,275	11,024	4,833	26,827	1,507	1,501
Telephone	2,836	21,962	2,080	27,221	367	668
Supplies	12,340	5,231	1,931	19,716	463	750
Postage and shipping	12,988	4,457	52	17,978	1	1,809
Dues and subscriptions	-	8,962	220	9,182	3,103	2,055
Insurance, taxes and licenses	6,726	3,532	1,549	12,030	482	481
	\$ 1,057,010	\$ 687,682	\$ 419,008	\$ 2,654,159	\$ 61,237	\$ 138,608
						\$ 2,854,004

See independent auditors' report.

American Thyroid Association, Inc.

Comparison to Budget

Year Ended December 31, 2016

	<u>Actual</u>	<u>Budget</u>
Support and Revenue		
CME grants	\$ 135,000	\$ 285,000
Meeting registration	865,028	853,090
Other meeting revenue	522,324	477,520
Research grants	258,750	258,750
Publications and communications	451,872	460,490
Member dues	415,886	419,260
Individual and corporate donations	105,387	93,420
Member donations	80,772	31,650
Interest, dividends and net realized loss on investments	118,119	920
Total support and revenue	<u>2,953,138</u>	<u>2,880,100</u>
Expenses		
Program expenses		
Education		
Scientific meetings	1,057,010	1,200,315
Public, patient and professional awareness	687,682	618,067
Publications	419,008	470,964
Research	490,459	490,568
Total program expenses	<u>2,654,159</u>	<u>2,779,914</u>
Management and general	61,237	61,782
Fundraising	138,608	69,804
Total expenses	<u>2,854,004</u>	<u>2,911,500</u>
Loss on disposal of property and equipment	814	-
Total expenses and losses	<u>2,854,818</u>	<u>2,911,500</u>
Operational support and revenue in excess of expenses and losses	98,320	(31,400)
Net unrealized gain on investments	<u>216,025</u>	<u>-</u>
Support and revenue in excess of expenses	<u>\$ 314,345</u>	<u>\$ (31,400)</u>

See independent auditors' report.