

**AMERICAN PODIATRIC MEDICAL
ASSOCIATION, INC.**

FINANCIAL REPORT

May 31, 2018

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.

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Independent Auditors' Report

To the Board of Trustees of
American Podiatric Medical Association, Inc.
Bethesda, Maryland

We have audited the accompanying financial statements of American Podiatric Medical Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of May 31, 2018, 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 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 American Podiatric Medical Association, Inc. as of May 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Association's 2017 financial statements, and our report dated September 6, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rockville, Maryland
September 19, 2018

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
May 31, 2018
(With Comparative Totals for 2017)

	2018			2017 Totals
	Unrestricted	Temporarily Restricted	Total	
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,787,718	\$ 46,204	\$ 2,833,922	\$ 2,817,636
Investments - at fair value	17,850,369	-	17,850,369	17,505,987
Notes receivable	21,015	-	21,015	-
Due from affiliated organization, net of allowance for doubtful accounts	-	-	-	39,493
Accounts receivable	178,867	2,216	181,083	123,213
Prepaid expenses	330,126	-	330,126	219,522
Total current assets	21,168,095	48,420	21,216,515	20,705,851
Property and Equipment, at cost				
Building and improvements	3,845,157	-	3,845,157	3,845,157
Registry	1,361,550	-	1,361,550	1,200,000
Furniture, fixtures, and equipment	1,189,574	-	1,189,574	1,203,538
Land	863,791	-	863,791	863,791
Website	632,663	-	632,663	632,663
	7,892,735	-	7,892,735	7,745,149
Less accumulated depreciation and amortization	4,624,105	-	4,624,105	4,301,638
Net property and equipment	3,268,630	-	3,268,630	3,443,511
Noncurrent Assets				
Notes receivable	43,645	-	43,645	-
Assets held in trust	355,925	-	355,925	405,559
Total noncurrent assets	399,570	-	399,570	405,559
	\$ 24,836,295	\$ 48,420	\$ 24,884,715	\$ 24,554,921

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

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION (continued)
May 31, 2018
(With Comparative Totals for 2017)

	2018			2017 Totals
	Unrestricted	Temporarily Restricted	Total	
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 229,580	\$ 48,420	\$ 278,000	\$ 85,520
Accrued expenses	779,475	-	779,475	781,176
Deferred income				
Membership dues	1,184,842	-	1,184,842	1,274,604
Program fees and sponsorships	961,699	-	961,699	579,006
Meeting exhibits and registration	638,924	-	638,924	693,248
Subscriptions	153,365	-	153,365	185,557
Accrued pension benefit cost	1,911,386	-	1,911,386	1,023,885
Total current liabilities	<u>5,859,271</u>	<u>48,420</u>	<u>5,907,691</u>	<u>4,622,996</u>
Noncurrent Liabilities				
Deferred compensation payable	355,925	-	355,925	405,559
Liability for pension benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,963</u>
Total noncurrent liabilities	<u>355,925</u>	<u>-</u>	<u>355,925</u>	<u>476,522</u>
Total liabilities	<u>6,215,196</u>	<u>48,420</u>	<u>6,263,616</u>	<u>5,099,518</u>
Net Assets				
Board designated	3,923,682	-	3,923,682	4,083,460
Undesignated	14,697,417	-	14,697,417	15,348,396
Temporarily restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,547</u>
Total net assets	<u>18,621,099</u>	<u>-</u>	<u>18,621,099</u>	<u>19,455,403</u>
	<u>\$ 24,836,295</u>	<u>\$ 48,420</u>	<u>\$ 24,884,715</u>	<u>\$ 24,554,921</u>

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

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
Year Ended May 31, 2018
(With Comparative Totals for 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
Revenue and Support				
Membership dues	\$ 7,192,327	\$ -	\$ 7,192,327	\$ 7,428,397
Sponsorship income	1,593,373	-	1,593,373	1,638,232
Accreditation and approval	1,079,880	-	1,079,880	1,139,017
Exhibit revenue	651,235	-	651,235	637,255
Subscriptions and sales	459,620	-	459,620	532,172
Advertising	304,753	-	304,753	284,534
Meeting registration	374,660	-	374,660	436,527
GEF contributions	300,866	-	300,866	244,167
Seal programs	203,290	-	203,290	245,416
Service revenue	213,410	-	213,410	218,251
Royalties	131,374	-	131,374	133,369
Miscellaneous Income	50,499	-	50,499	-
Investment return	1,267,390	-	1,267,390	1,680,511
Total support and revenue before release of restrictions	13,822,677	-	13,822,677	14,617,848
Net assets released from restrictions	23,547	(23,547)	-	-
Total support and revenue	13,846,224	(23,547)	13,822,677	14,617,848
Expenses				
House of Delegates	232,485	-	232,485	256,525
Annual Scientific Meeting	1,188,560	-	1,188,560	1,239,767
Board of Trustees	514,472	-	514,472	445,965
Executive Office	1,693,764	-	1,693,764	1,553,825
Council on Podiatric Medical Education	1,128,238	-	1,128,238	1,073,767
Development	655,450	-	655,450	621,622
Finance	2,719,261	-	2,719,261	2,645,038
Health Policy and Practice	1,134,807	-	1,134,807	1,198,525
Legislative Advocacy	638,185	-	638,185	625,249
Membership	1,097,874	-	1,097,874	1,007,061
Young Physicians Program	88,663	-	88,663	160,470
Scientific Affairs	1,167,361	-	1,167,361	663,337
Communications	1,799,873	-	1,799,873	1,746,110
Government Education Fund	324,413	-	324,413	235,467
Depreciation and amortization	344,538	-	344,538	194,369
Total expenses	14,727,944	-	14,727,944	13,667,097
Increase (decrease) in net assets from operations	(881,720)	(23,547)	(905,267)	950,751
Change in obligations for post-retirement benefits	70,963	-	70,963	2,459,541
Increase (decrease) in net assets	(810,757)	(23,547)	(834,304)	3,410,292
Net assets - beginning of year	19,431,856	23,547	19,455,403	16,045,111
Net assets - end of year	\$ 18,621,099	\$ -	\$ 18,621,099	\$ 19,455,403

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

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
Year Ended May 31, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (834,304)	\$ 3,410,292
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	344,538	194,369
Net realized and unrealized gain on investments	(719,490)	(1,291,322)
Actuarial gain on pension obligation	(70,963)	(2,459,541)
Decrease (increase) in assets:		
Accounts receivable	(57,870)	(99,851)
Assets held in trust	49,634	1,931
Due from related parties, net of allowance for doubtful accounts	39,493	12,651
Prepaid expenses	(110,604)	(30,666)
Promotional inventory	-	13,411
Increase (decrease) in liabilities:		
Accounts payable	192,480	(16,028)
Accrued expenses	(1,701)	8,052
Deferred income	206,415	64,989
Accrued pension benefit cost	887,501	217,961
Deferred compensation payable	(49,634)	(1,931)
Net cash provided by (used in) operating activities	(124,505)	24,317
Cash flows from investing activities:		
Capital expenditures	(169,657)	(1,493,186)
Purchase of investments	(2,771,820)	(778,371)
Notes receivable	(64,660)	-
Proceeds from sale of investments	3,146,928	2,048,662
Net cash provided by (used in) investing activities	140,791	(222,895)
Net increase (decrease) in cash and cash equivalents	16,286	(198,578)
Cash and cash equivalents at beginning of year	2,817,636	3,016,214
Cash and cash equivalents at end of year	\$ 2,833,922	\$ 2,817,636

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

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 1. Organization

The American Podiatric Medical Association, Inc. (the Association) advances and advocates for the profession of podiatric medicine and surgery for the benefit of its members and the public.

Note 2. Summary of Significant Accounting Policies

The following is a summary of the Association's significant accounting and reporting policies.

Method of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting whereby income and expenses are recognized in the period in which they are earned or incurred.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the Association's net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Association and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. See Note 9 for a description of temporarily restricted net assets.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the income earned on any related investments for general or specific purposes. The Association had no permanently restricted net assets at May 31, 2018 and 2017.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. The 2017 information does not show a breakout of unrestricted net assets and temporarily restricted net assets, just net assets in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended May 31, 2017, from which the summarized information was derived.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 2. Summary of Significant Accounting Policies (continued)

Parent-Only Financial Statements

The Association is required to review related not-for-profit organizations to determine if the Association has a financial controlling interest in the organization, a significant influence in a less than majority interest in the organization, or a financial interrelation that would require consolidation of the organization. The Association determined that it has a financial relationship that would require the APMA Educational Foundation, Inc. to be consolidated with the Association. The Association has prepared consolidated financial statements; however, these statements only present the activity of the parent, the American Podiatric Medical Association, Inc. At May 31, 2018 and 2017, the Foundation had assets of \$ 8,437,018 and \$ 7,993,037 respectively. At May 31, 2018 and 2017, the Foundation had net assets of \$ 8,420,929 and \$ 7,974,913, respectively.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers demand deposits and amounts held in repurchase agreements with financial institutions to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are uncollateralized obligations from related organizations and vendors that have granted funds through exchange transactions and generally require payment within thirty days from the invoice date. Receivables are stated at the invoice amount. Unpaid accounts do not incur late fees or accrue interest. Payments of accounts receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices. Management determines the allowance for doubtful accounts by identifying potentially uncollectible accounts and by using historical experiences applied to an aging of accounts and charges receivables off against the allowance when, in the judgment of management, it is unlikely they will be collected.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 2. Summary of Significant Accounting Policies (continued)

Notes Receivable

Notes receivable are carried at unpaid principal balances, less an allowance for note losses. The allowance for note losses is increased by charges to bad debts and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on past experiences and adverse situations that may affect the borrower's ability to pay. Past due status is based on contractual terms. Based on management's review, an allowance was not considered necessary at May 31, 2018. The Association had no outstanding notes receivable at May 31, 2017.

Investments

Investments are carried at fair value. Money market funds are carried at cost, which approximates fair value.

Property and Equipment

Property and equipment are carried at cost. The Association capitalizes all expenditures for property and equipment in excess of \$ 1,000. Depreciation and amortization is computed either on the straight-line basis or the double-declining basis over the estimated useful lives of three to thirty-nine years.

The Association has utilized \$ 1,279,000 for the development of a data registry. The data registry has been approved by CMS as a Qualified Clinical Data Registry and is a vehicle to collect data, sort the data, and use the data for multiple purposes. Registries also offer a method of collecting data from individual providers and submitting the data to agencies like CMS on behalf of those providers. As of May 31, 2018, approximately \$ 83,000 of this registry was not in service. As of May 31, 2017, this registry was not in service.

Deferred Revenue

Monies received in the current fiscal year relating to membership, subscriptions, or meetings held in the upcoming fiscal year are recorded as deferred revenue and are recognized in the fiscal year corresponding with the membership term, subscription or meeting date.

Revenue and Support

Contributions received with donor stipulations limiting the use of the donated assets are recorded as temporarily restricted net assets. These assets are then reclassified to unrestricted net assets whenever the restrictions are satisfied. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing its financial statements, the Association has evaluated subsequent events through September 19, 2018, which is the date the financial statements were available to be issued.

Reclassifications

Certain reclassifications to prior year balances have been made in the accompanying financial statements to make disclosures consistent with those of the current year.

Note 3. Concentration of Credit Risk

The Association maintains its cash accounts at institutions with balances that may exceed \$ 250,000, which is the amount insured by the Federal Deposit Insurance Corporation. The Association has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. Management believes that the Association is not exposed to any significant credit risk with respect to its cash balances.

Note 4. Fair Value Measurements

Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 4. Fair Value Measurements (continued)

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at May 31, 2018 and 2017.

Mutual Funds:

Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-ended mutual funds and are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

Money Market Funds:

Valued at the daily closing price as reported by the fund. Money market funds held by the Association are open-ended money market funds and are registered with the SEC. These funds are required to publish their daily net asset value (NAV). These funds generally transact at a \$ 1.00 stable NAV. However, on a daily basis the fund's NAV is calculated using the amortized cost (not market value) of the securities held in the fund.

Assets Held in Trust:

Valued at present value of estimated future cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 4. Fair Value Measurements (continued)

The following tables sets forth by level, within the fair value hierarchy, the Association's assets measured at fair value on a recurring basis as of May 31, 2018 and 2017:

Assets at Fair Value as of May 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Levels 3</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 8,044,266	\$ -	\$ -	\$ 8,044,266
Bond funds	2,842,534	-	-	2,842,534
Foreign market funds	2,840,785	-	-	2,840,785
Income	1,048,860	-	-	1,048,860
Commodities	189,328	-	-	189,328
Other	<u>1,298,178</u>	-	-	<u>1,298,178</u>
Total mutual funds	16,263,951	-	-	16,263,951
Money market funds	-	1,586,418	-	1,586,418
Assets held in trust	-	<u>355,925</u>	-	<u>355,925</u>
Total	<u>\$ 16,263,951</u>	<u>\$ 1,942,343</u>	<u>\$ -</u>	<u>\$ 18,206,294</u>

Assets at Fair Value as of May 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Levels 3</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 7,155,058	\$ -	\$ -	\$ 7,155,058
Bond funds	3,225,969	-	-	3,225,969
Foreign market funds	2,370,394	-	-	2,370,394
Income	1,082,344	-	-	1,082,344
Commodities	187,202	-	-	187,202
Other	<u>1,149,380</u>	-	-	<u>1,149,380</u>
Total mutual funds	15,170,347	-	-	15,170,347
Money market funds	-	2,335,640	-	2,335,640
Assets held in trust	-	<u>405,559</u>	-	<u>405,559</u>
Total	<u>\$ 15,170,347</u>	<u>\$ 2,741,199</u>	<u>\$ -</u>	<u>\$ 17,911,546</u>

There were no purchases, issuances, settlements, realized or unrealized gains or losses related to Level 3 assets during the years ended May 31, 2018 and 2017.

The Association's policy is to recognize transfers in and transfers out as of actual date of the event or change in circumstance that caused the transfer. There were no transfers between level classifications during the years ended May 31, 2018 and 2017. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 4. Fair Value Measurements (continued)

The following summarizes the investment return and its classification in the statement of activities for the years ended May 31, 2018 and 2017:

	2018	2017
Interest and dividends	\$ 600,704	\$ 441,071
Realized and unrealized net gain	719,490	1,291,322
Investment management fees	(52,804)	(51,882)
Total net investment return	\$ 1,267,390	\$ 1,680,511

Note 5. Defined Benefit Plan

The Association sponsors the American Podiatric Medical Association Retirement Plan, a defined benefit pension plan that covers all employees who are at least 20 years of age with 12 months of service. The Plan provides pension benefits to eligible employees at retirement based primarily upon years of service with the Association and compensation at retirement. Contributions to the Plan are based on benefits attributed to employees' services to date, as well as services expected to be earned in the future. Effective December 1, 2014, the Plan has been closed to new participants. Effective January 1, 2017, benefit accruals were frozen.

Subsequent to year end, the Association closed the defined benefit pension plan. In order to cover the underfunded liability, in June 2018, the Association entered into a \$ 1,925,000 note payable. This note is payable monthly until June 2025.

The following tables set forth further information about the Association's defined benefit pension plan as of and for the years ended May 31, 2018 and 2017:

Obligations and Funded Status

	2018	2017
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 6,186,482	\$ 7,441,909
Service cost	-	541,702
Interest cost	312,154	376,413
Actuarial loss	1,250,576	107,275
Curtailment	(8,310)	(2,242,201)
Benefits paid	(1,041,555)	(38,616)
Benefit obligation at end of year	\$ 6,699,347	\$ 6,186,482

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 5. Defined Benefit Plan (continued)

	<u>2018</u>	<u>2017</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 5,091,634	\$ 4,105,481
Actual return on plan assets	487,882	524,769
Employer contributions	250,000	500,000
Benefits paid	<u>(1,041,555)</u>	<u>(38,616)</u>
Fair value of plan assets at end of year	<u>\$ 4,787,961</u>	<u>\$ 5,091,634</u>
Underfunded status at year end	<u>\$ 1,911,386</u>	<u>\$ 1,094,848</u>
Amounts recognized in the statement of financial position consist of:		
Current liabilities	\$ 1,911,386	\$ 1,023,885
Noncurrent liabilities	<u>-</u>	<u>70,963</u>
	<u>\$ 1,911,386</u>	<u>\$ 1,094,848</u>
Amounts recognized as other changes in net assets consist of the following:		
Net gain (loss)	<u>\$ 70,963</u>	<u>\$ 2,459,541</u>
Components of net periodic benefit cost are as follows:		
Net Periodic Benefit Cost:		
Service cost	\$ -	\$ 541,702
Interest cost on projected benefit obligations	312,154	376,413
Expected return on plan assets	(403,747)	(334,580)
Recognized gains	<u>-</u>	<u>134,426</u>
Net periodic benefit cost	<u>\$ (91,593)</u>	<u>\$ 717,961</u>
Other changes in plan assets and benefit obligations recognized in changes in unrestricted net assets:		
Amounts previously recognized in unrestricted Net Assets, not yet recognized as periodic pension cost at May 31:	\$ -	\$ 70,963

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 5. Defined Benefit Plan (continued)

Other Information	2018	2017
Accrued pension benefit cost recognized in the statement of financial position	\$ 1,911,386	\$ 1,094,848
For the year ended May 31:		
Net periodic benefit cost recognized in the statement of activities	\$ (91,593)	\$ 717,961
Employer contributions to the Plan	\$ 250,000	\$ 500,000
Benefits paid by the Plan	\$ 1,041,555	\$ 38,616
Weighted average assumption for discount rate as of May 31:	5%	5%
Expected return on Plan assets as of May 31:	7.75%	7.75%
Expected rate of increase in compensation as of May 31:	N/A after Jan. 1, 2017 benefit freeze	N/A after Jan. 1, 2017 benefit freeze

The expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

At May 31, 2018, in anticipation of distribution as part of the plan termination, 100% of the plan assets were in money market funds.

At May 31, 2017, the composition of the Association's plan assets are characterized as 64% equities, 20% fixed income, and 16% alternatives.

The pension benefit obligation prior to settlement being determined was \$ 6,707,657. Upon settlement of the Plan, the liability was reduced by \$ 8,310 to a pension liability of \$ 6,699,347. In addition, if settlement did not occur, the current pension liability would have been \$ 682,292 instead of \$ 1,911,386.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 5. Defined Benefit Plan (continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets measured at fair value on a recurring basis as of May 31, 2018:

Assets at Fair Value as of May 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ <u> -</u>	\$ <u>4,787,961</u>	\$ <u> -</u>	\$ <u>4,787,961</u>

There were no purchases, issuances, settlements, realized or unrealized gains or losses related to Level 3 assets during the year ended May 31, 2018.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets measured at fair value on a recurring basis as of May 31, 2017:

Assets at Fair Value as of May 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 2,752,309	\$ -	\$ -	\$ 2,752,309
Bond funds	681,459	-	-	681,459
Foreign market funds	857,480	-	-	857,480
Commodities	67,427	-	-	67,427
Income	275,667	-	-	275,667
Other	<u>396,839</u>	<u>-</u>	<u>-</u>	<u>396,839</u>
Total mutual funds	5,031,181	-	-	5,031,181
Money market funds	<u>-</u>	<u>60,453</u>	<u>-</u>	<u>60,453</u>
Total	<u>\$ 5,031,181</u>	<u>\$ 60,453</u>	<u>\$ -</u>	<u>\$ 5,091,634</u>

There were no purchases, issuances, settlements, realized or unrealized gains or losses related to Level 3 assets during the year ended May 31, 2017.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 5. Defined Benefit Plan (continued)

The Association's policy is to recognize transfers in and transfers out as of actual date of the event or change in circumstance that caused the transfer. There were no transfers between level classifications during the years ended May 31, 2018 and 2017. All assets have been valued using a market approach. There were no changes in the valuations techniques during the current year.

Note 6. Defined Contribution Plans

The Association established the American Podiatric Medical Association 401(k) Plan for all eligible employees. All Plan participants have the option of deferring a percentage of their annual salary, subject to Internal Revenue Service limitations. The Association makes a contribution of 3% of salary on behalf of all eligible employees. In addition, the Association may make a discretionary contribution to the Plan. During the years ended May 31, 2018 and 2017, the Association contributed \$ 401,354 and \$ 274,990, respectively, to the Plan.

In 2017, the Association converted the retired former executive director's 457(b) plan into a 10-year guaranteed annuity. Under the terms of the annuity, the former executive director will be paid in ten equal annual installments from March 2017 to March 2026. Assets held in trust under this annuity at May 31, 2018 and 2017, were \$ 355,925 and \$ 405,559, respectively.

Note 7. Board Designated Net Assets

The board designated net assets of the Association are reported in the financial statements as follows:

	2018	2017
Research endowment	\$ 2,263,849	\$ 2,404,632
Legal and legislative assistance	997,285	1,020,114
Capital reserve	662,548	658,714
Total board designated investments	\$ 3,923,682	\$ 4,083,460

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 8. Board Designated Endowment Funds

As of May 31, 2018 and 2017, the Board of Trustees had designated \$ 2,263,849 and \$ 2,404,632, respectively, of unrestricted net assets as a research endowment fund to fund Board approved projects consistent with the Association's strategic plan and enhance the purchasing power of reserves held for future expenditure. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Association has a spending policy requiring the research endowment fund to be maintained at a minimum corpus of no less than \$ 2 million. Annual allocations from the research endowment fund may not exceed 5 percent of the corpus, unless authorized by the Board. In establishing this policy, the Association considered the long-term expected investment return on its endowment. Accordingly, over a five-year period, the Association expects the fund to achieve an annual return that exceeds the Consumer Price Index by 4 percent and exceeds the Treasury Bill Index by 3 percent. Actual returns in any given year may vary from this amount. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Association has adopted an investment policy that attempts to achieve the investment objectives at a level of risk deemed acceptable by the trustees. Endowment assets are invested in a well diversified asset mix, which includes equity and fixed income securities. Individual investments and investment activity not specifically approved by the Board of Trustees are prohibited.

Composition of and changes in endowment net assets for the years ended May 31, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Board-designated endowment net assets, beginning of year	\$ 2,404,632	\$ 2,851,486
Net investment gains	116,263	125,826
Interest / Dividends	89,357	164,584
Allocated for expenditure	<u>(346,403)</u>	<u>(737,264)</u>
Board-designated endowment net assets, end of year	<u>\$ 2,263,849</u>	<u>\$ 2,404,632</u>

Note 9. Temporarily Restricted Net Assets

Temporarily restricted net assets result from gifts of cash and other assets with donor imposed restrictions. Temporarily restricted net assets at May 31, 2018 and 2017, are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Government Education Fund	\$ -	\$ 23,547

During fiscal year 2018, \$ 23,547 of temporarily restricted net assets were released from restriction upon meeting the purpose restrictions, as shown on the statement of activities.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 10. Related Party Transactions

The Association provides administrative services to the APMA Educational Foundation, Inc. (Foundation), a related party. The services are provided to the Foundation at no cost.

In 2018 and 2017, the Association contributed \$ 21,500 and \$ 50,000, respectively, to the Foundation. At May 31, 2018 and 2017, \$ 21,500 and \$ 50,000, respectively, remains outstanding to the Foundation and is included in accounts payable on the statement of financial position.

The Association has an administrative service agreement with a related party, the APMA Political Action Committee (APMAPAC). This agreement is renewed annually. The service agreement revenue for the years ended May 31, 2018 and 2017 was \$ 98,020 and \$ 96,860, respectively. As of May 31, 2018, \$ 59,912 was still outstanding. As of May 31, 2017, there was no outstanding receivable.

Note 11. Affiliated Organization

In 2017, the Association had an annual administrative service agreement with the American Society of Podiatric Surgeons (ASPS). During 2017, ASPS was an affiliated organization of APMA. Service agreement revenue amounted to \$ 86,983 for the year ended May 31, 2017, with \$ 39,493 outstanding.

In April 2018, the Association and ASPS signed the Settlement Agreement and Release (settlement), agreeing to terminate the service agreement between the two entities. Before the settlement, service agreement revenue amounted to \$ 74,660 for the year ended May 31, 2018. Of this, \$ 64,660 was converted to a note receivable, payable monthly until August 2021.

In addition, in 2010, the Association issued ASPS a \$ 150,000 line of credit. At May 31 2018 and 2017, there was no balance outstanding on this line. This line was closed as part of the settlement.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 12. Functional Expenses

The expenses of the Association for the years ended May 31, 2018 and 2017 on a functional basis are as follows:

	2018	2017
Program services		
Annual Educational Program	\$ 1,188,560	\$ 1,239,767
Council on Podiatric Medical Education	1,909,330	1,765,679
Health Policy and Practice	1,725,433	1,744,046
Legislative Advocacy	910,746	946,017
Membership	2,020,198	1,863,879
Young Physicians Program	88,663	219,457
Scientific Affairs	1,672,582	1,031,897
Communications	2,798,637	2,633,496
Government Education Fund	324,413	235,467
Total program services	12,638,562	11,679,705
Support services		
House of Delegates	232,485	256,525
Board of Trustees	514,472	445,965
Development	1,192,127	1,118,489
Internet Presence	150,298	166,413
Total support services	2,089,382	1,987,392
Total expenses	\$ 14,727,944	\$ 13,667,097

Note 13. Leases

The Association has entered into various lease agreements for postage equipment and software from unrelated parties that are effective through May 2022. Lease expense was \$ 57,978 and \$ 49,596 for the years ended May 31, 2018 and 2017, respectively. Future minimum lease payments under these leases are as follows:

2019	\$ 25,390
2020	9,390
2021	9,390
2022	9,390
Total minimum lease payments	\$ 53,560

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018 and 2017

Note 14. Income Taxes

The Association is exempt from Federal income taxes under Section 501(c)(6) of the Internal Revenue Code. However, entities that are classified under this section of the Code are taxed on “unrelated business income” as defined by IRS regulations. The Association generates unrelated business income from advertisers in its publications; however, there was no tax liability for the years ended May 31, 2018 and 2017.

Accounting principles generally accepted in the United States of America require the Association to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax positions taken would not be sustained upon examination by taxing authorities. The Association has analyzed tax positions taken and has concluded that, as of May 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Association had no interest and penalties related to income taxes, for the years ended May 31, 2018 and 2017. The Association is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Association’s returns are subject to examination by taxing authorities, generally for a period of three years after the returns are filed.

Note 15. Employment Agreement

The Association entered into an employment agreement with its Executive Director. This agreement will expire on May 31, 2019. If the Executive Director is terminated for any reason other than cause, as defined in the agreement, the Association must continue to pay salary and all benefits for a period of time as described in the contract.

Note 16. Contingencies

In the ordinary course of business, the Association enters into contracts with hotel and conference facilities for future meetings. In the unlikely event of meeting cancellations, the Association would be liable for future guaranteed hotel room bookings and other expenses. The exact amount due would depend on several factors, including the amount of notice given and actual losses incurred by the facilities. However, the Association has obtained cancellation insurance for its major events.

Note 17. Risk and Uncertainties

The Association invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of activities.

Independent Auditors' Report on Supplementary Information

To the Board of Trustees of
American Podiatric Medical Association, Inc.
Bethesda, Maryland

We have audited the financial statements of the American Podiatric Medical Association, Inc. as of and for the year ended May 31, 2018, and our report thereon dated September 19, 2018, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information found on pages 22 - 41, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



*Rockville, Maryland
September 19, 2018*

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
GOVERNMENT EDUCATION FUND
Year Ended May 31, 2018
Unaudited

Revenue		
Contributions		<u>\$ 300,866</u>
Expenses		
Administrative Costs		140,504
Events		128,119
Meetings		21,173
Solicitations		20,655
Recognition		<u>13,962</u>
Total expenses		<u>324,413</u>
Net decrease		(23,547)
Net assets		
Beginning of year		<u>23,547</u>
End of year		<u><u>\$ -</u></u>

See independent auditors' report on supplementary information.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
RECONCILIATION OF DECREASE IN NET ASSETS
TO TOTAL OPERATING BUDGET DEFICIT
For the Fiscal Year Ended May 31, 2018
Unaudited

Operating Budget Deficit \$ (205,618)

Items affecting financial statements:

Investment return	1,266,055	
Assets capitalized	169,657	
Depreciation expense	(344,538)	
Adjustments to other prepaid/accrued expenses	(7,325)	
Adjustment to pension benefit obligation	(816,538)	
Transfers from Board designated reserves	(860,458)	
Government Education Fund activity	<u>(35,539)</u>	
		<u>(628,686)</u>

Decrease in Net Assets \$ (834,304)

See independent auditors' report on supplementary information.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
REVENUE AND SUPPORT BUDGET TO ACTUAL
For the Fiscal Year Ended May 31, 2018

UNAUDITED

	Actual		Budget		Variance	%
Membership dues	\$ 7,192,327		\$ 7,600,000		\$ (407,673)	-5.36%
Sponsorship income	1,597,143		1,648,300		(51,157)	-3.10%
Allocation of reserves	860,458		1,082,000		(221,542)	-20.48%
Accreditation and approval	1,090,081		1,152,000		(61,919)	-5.37%
Meeting registration	374,660		416,000		(41,340)	-9.94%
Subscriptions and sales	459,877		717,100		(257,223)	-35.87%
Exhibit revenue	651,235		625,000		26,235	4.20%
Advertising	304,754		405,000		(100,246)	-24.75%
Service revenue	211,177		235,000		(23,823)	-10.14%
Seal programs	203,290		250,000		(46,710)	-18.68%
Royalties and affinity programs	131,374		183,000		(51,626)	-28.21%
Investment return	1,335		1,500		(165)	-11.00%
Miscellaneous	50,499		-		50,499	
	<u>\$ 13,128,210</u>		<u>\$ 14,314,900</u>		<u>\$ (1,186,690)</u>	-8.29%

Membership Dues	\$ 7,192,327	55%	\$ 7,600,000	53%
Non-dues support	<u>5,935,883</u>	45%	<u>6,714,900</u>	47%
	<u>\$ 13,128,210</u>		<u>\$ 14,314,900</u>	

See independent auditors' report on supplementary information.

AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
EXPENSES BY STRATEGIC PRIORITY
For the Fiscal Year Ended May 31, 2017

UNAUDITED

	Advocate	Educate	Research	Lead	Manage	Governance	CPME	Operations	Total	Budget	Variance
Salaries and benefits	\$ 843,403	\$ 1,692,199	\$ 457,812	\$ 290,664	\$ 315,490	\$ 495,304	\$ 745,447	\$ 2,222,769	\$ 7,063,087	\$ 7,134,000	\$ (70,913)
Professional fees	4,305	105,800	9,293	-	-	172,766	1,473	267,198	560,834	628,800	(67,966)
Consulting services	212,627	286,104	430,521	49,016	10,774	10,774	860	-	1,000,677	1,246,600	(245,923)
Travel and transportation	132,795	349,915	10,274	38,813	16,121	325,052	246,700	9,021	1,128,692	1,358,700	(230,008)
Supplies	276	2,247	-	1,250	-	596	7	55,556	59,932	76,500	(16,568)
Telecommunications	4,435	1,683	72	116	1,879	14,904	905	178,676	202,671	231,300	(28,629)
Printing and production	30,410	355,713	171,612	21,646	11,954	4,231	957	27,100	623,623	710,300	(86,677)
Postage and shipping	10	62,782	-	-	-	320	-	116,854	179,966	188,000	(8,034)
Occupancy costs	-	-	-	-	-	-	-	108,873	108,873	119,000	(10,127)
Utilities	-	-	-	-	-	-	-	61,402	61,402	68,000	(6,598)
Equipment	-	-	-	-	-	-	-	106,910	106,910	136,300	(29,390)
Meeting expense	71,008	952,722	-	26,493	12,268	211,509	2,317	20,841	1,297,158	1,304,800	(7,642)
Grants and contributions	20,345	115,000	69,040	75,000	100	-	-	-	279,485	235,500	43,985
Taxes - other	-	-	-	-	-	-	-	65,762	65,762	76,400	(10,638)
Promotion	-	115,947	-	-	1,462	1,415	-	1,252	120,076	190,600	(70,524)
Subscriptions	47,082	36,859	-	-	189	-	1,442	9,383	94,956	168,200	(73,244)
Membership dues	19,637	1,363	5,687	-	-	15,834	4,772	7,318	54,611	48,300	6,311
Service fees	-	-	-	-	-	-	150	200,921	201,071	200,000	1,071
Insurance	-	4,979	-	-	-	-	-	67,694	72,673	83,000	(10,327)
Commissions	-	30,435	20,111	-	-	-	-	-	50,546	59,400	(8,854)
Miscellaneous	76	680	-	-	67	-	-	-	823	51,200	(50,377)
Total	\$ 1,386,408	\$ 4,114,429	\$ 1,174,422	\$ 502,998	\$ 370,304	\$ 1,252,706	\$ 1,005,030	\$ 3,527,531	\$ 13,333,828	\$ 14,314,900	\$ (981,072)
	10.40%	30.86%	8.81%	3.77%	2.78%	9.39%	7.54%	26.45%	100%		
Budget	\$ 1,551,600	\$ 4,359,200	\$ 1,584,700	\$ 470,600	\$ 399,600	\$ 1,419,400	\$ 1,062,300	\$ 3,467,500	\$ 14,314,900		
	10.84%	30.45%	11.07%	3.29%	2.79%	9.92%	7.42%	24.22%	100%		

See independent auditors' report on supplementary information.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION, INC.
INCOME AND EXPENSES
BUDGET FY 17-18**

UNAUDITED

	ACTUAL FY 16-17	ACTUAL FY 17-18	BUDGET FY 17-18	VARIANCE	%
INCOME					
ANNUAL SCIENTIFIC MEETING - THE NATIONAL COUNCIL ON PODIATRIC MEDICAL EDUCATION DEVELOPMENT	\$ 2,015,487	\$ 1,915,597	\$ 1,890,000	\$ 25,597	1.35%
FINANCE	1,149,368	1,090,081	1,152,000	(61,919)	-5.37%
HEALTH POLICY & PRACTICE	688,689	717,318	748,300	(30,982)	-4.14%
LEGISLATIVE ADVOCACY	2,016,086	1,141,389	1,328,500	(187,111)	-14.08%
MEMBERSHIP	440,148	370,639	645,000	(274,361)	-42.54%
YOUNG PHYSICIANS PROGRAM	19,058	26,505	35,000	(8,495)	-24.27%
SCIENTIFIC AFFAIRS	7,556,705	7,318,357	7,775,600	(457,243)	-5.88%
COMMUNICATIONS	13,642	-	16,000	(16,000)	
TOTAL INCOME	\$ 14,493,359	\$ 13,128,210	\$ 14,314,900	\$ (1,186,690)	-8.29%
EXPENSES					
HOUSE OF DELEGATES	\$ 256,526	\$ 221,798	\$ 292,700	\$ (70,902)	-24.22%
ANNUAL SCIENTIFIC MEETING - THE NATIONAL BOARD OF TRUSTEES	1,239,762	1,188,560	1,289,900	(101,340)	-7.86%
EXECUTIVE OFFICE	486,761	514,926	556,800	(41,874)	-7.52%
COUNCIL ON PODIATRIC MEDICAL EDUCATION DEVELOPMENT	1,510,303	1,475,990	1,495,400	(19,410)	-1.30%
FINANCE	1,047,813	1,005,030	1,062,300	(57,270)	-5.39%
HEALTH POLICY AND PRACTICE	595,015	616,730	629,900	(13,170)	-2.09%
LEGISLATIVE ADVOCACY	2,756,756	2,604,140	2,571,700	32,440	1.26%
MEMBERSHIP	1,271,829	1,136,417	1,190,500	(54,083)	-4.54%
YOUNG PHYSICIANS PROGRAM	622,548	579,400	694,900	(115,500)	-16.62%
SCIENTIFIC AFFAIRS	976,286	925,571	966,800	(41,229)	-4.26%
COMMUNICATIONS	198,218	82,538	142,400	(59,862)	-42.04%
TOTAL EXPENSES	1,880,395	1,232,602	1,457,100	(224,498)	-15.41%
NET OPERATING BUDGET	1,694,680	1,750,126	1,964,500	(214,374)	-10.91%
TOTAL EXPENSES	\$ 14,536,892	\$ 13,333,828	\$ 14,314,900	\$ (981,072)	-6.85%
NET OPERATING BUDGET	\$ (43,533)	\$ (205,618)	\$ -	\$ (205,618)	

Note: Variances are explained on the following program area pages.

See independent auditors' report on supplementary information.

**HOUSE OF DELEGATES
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
EXPENSES					
1. HOUSE OF DELEGATES					
A. Operations	\$ 13,299	\$ 17,946	\$ 18,200	\$ (254)	
B. Meeting Expense - Direct	116,363	116,639	115,800	839	
C. Inaugural Reception	27,970	27,496	30,200	(2,704)	
D. Past Presidents Lunch	1,093	1,320	1,700	(380)	
E. Staff expenses	36,004	27,423	36,500	(9,077)	
F. Awards & Recognition	4,150	5,091	7,000	(1,909)	
G. Committees	2,553	18,785	14,100	4,685	
H. Board of Inquiry	-	-	10,000	(10,000)	(1)
I. House Speaker expenses	6,057	5,770	6,700	(930)	
J. Dignitaries	1,254	1,328	2,500	(1,172)	
K. Directives	47,783	-	50,000	(50,000)	(2)
TOTAL EXPENSES	<u>\$ 256,526</u>	<u>\$ 221,798</u>	<u>\$ 292,700</u>	\$ (70,902)	-24.22%

(1) No activity.

(2) Directives costs absorbed in departmental budgets.

See independent auditors' report on supplementary information.

**ANNUAL SCIENTIFIC MEETING - THE NATIONAL
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
INCOME					
1. EDUCATIONAL PROGRAM					
A. Registration fees	\$ 421,131	\$ 366,796	\$ 355,000	\$ 11,796	(1)
B. Advertising	4,886	17,741	10,000	7,741	
C. Exhibitors	632,255	651,235	625,000	26,235	(2)
D. Corporate Sponsorship	957,215	879,825	900,000	(20,175)	(3)
TOTAL INCOME	<u>\$ 2,015,487</u>	<u>\$ 1,915,597</u>	<u>\$ 1,890,000</u>	\$ 25,597	1.35%
EXPENSES					
1. EDUCATIONAL PROGRAM					
A. Annual Meeting Committee	\$ 103	\$ 926	\$ 1,000	\$ (74)	
B. Operations	298,705	216,293	232,400	(16,107)	(4)
C. Meeting Expense - Direct	533,283	417,882	470,800	(52,918)	(5)
D. Speakers	144,835	152,358	144,100	8,258	
E. Staff expenses	41,627	43,988	48,000	(4,012)	
F. Exhibit Hall	180,905	310,327	343,100	(32,773)	(6)
G. APMA Reception	34,774	44,485	45,500	(1,015)	
H. Site Visits	5,530	2,301	5,000	(2,699)	
TOTAL EXPENSES	<u>\$ 1,239,762</u>	<u>\$ 1,188,560</u>	<u>\$ 1,289,900</u>	\$ (101,340)	-7.86%

- (1) Attendance slightly higher than projected.
- (2) More exhibitors than projected.
- (3) Attained 98% of projected funding.
- (4) Less promotional and shipping costs than projected.
- (5) Reduced costs due to venue room and sales tax rebates.
- (6) Less exposition services and food costs than projected.

See independent auditors' report on supplementary information.

**BOARD OF TRUSTEES
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
EXPENSES					
1. ADMINISTRATION					
A. President's Honorarium	\$ 163,200	\$ 166,600	\$ 166,600	\$ -	
B. Communications allowance	13,800	14,200	13,800	400	
C. BOT Orientation Program	2,864	3,645	2,800	845	
D. Professional Development	2,508	5,000	4,000	1,000	
E. Gifts	517	550	1,400	(850)	
	\$ 182,889	\$ 189,995	\$ 188,600	\$ 1,395	0.74%
2. PRESIDENT'S TRAVEL					
A. International Meetings	4,704	-	-	-	
B. Regional Meetings	25,405	20,687	19,000	1,687	
C. Medical Liaison	12,205	8,690	17,900	(9,210)	
D. Miscellaneous Travel	3,736	4,172	5,700	(1,528)	
	46,050	33,549	42,600	(9,051)	-21.25%
3. MEMBERS' TRAVEL					
A. Regional/State Meetings	16,293	21,631	17,000	4,631	
B. Liaisons	10,092	5,539	15,000	(9,461)	
C. Miscellaneous	787	2,110	5,000	(2,890)	
	27,172	29,280	37,000	(7,720)	-20.86%
4. HOUSE OF DELEGATES					
A. President's Dinner	24,708	33,224	33,400	(176)	
B. President's spouse luncheon	1,000	1,000	1,000	-	
C. Allocated costs	99,145	112,073	131,900	(19,827)	(1)
	124,853	146,297	166,300	(20,003)	-12.03%
5. EDUCATIONAL PROGRAM					
A. Allocated costs	49,872	57,010	68,200	(11,190)	(1)
	49,872	57,010	68,200	(11,190)	-16.41%
6. COMMITTEES					
A. Executive Committee	233	278	200	78	
B. Task Forces	71	1,268	100	1,168	
	304	1,546	300	1,246	415.33%
7. MEETINGS					
A. Fall	28,931	31,971	27,200	4,771	
B. Winter	26,690	25,278	26,600	(1,322)	
	55,621	57,249	53,800	3,449	6.41%
TOTAL EXPENSES	\$ 486,761	\$ 514,926	\$ 556,800	\$ (41,874)	-7.52%

(1) Less costs than projected.

See independent auditors' report on supplementary information.

**EXECUTIVE OFFICE
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
EXPENSES					
1. ADMINISTRATION					
A. Staff expenses	\$ 1,437,868	\$ 1,403,229	\$ 1,423,500	\$ (20,271)	(1)
B. Departmental Operations	14,127	12,882	13,000	(118)	
	\$ 1,451,995	\$ 1,416,111	\$ 1,436,500	\$ (20,389)	-1.42%
2. EXECUTIVE DIRECTOR'S TRAVEL					
A. International Travel	5,893	-	-	-	
B. Regional Meetings	17,336	14,636	15,300	(664)	
C. Medical Liaison	9,391	12,837	15,300	(2,463)	
D. State Leaders Update Functions	7,662	14,180	10,000	4,180	
E. Miscellaneous	1,428	2,392	2,300	92	
	41,710	44,045	42,900	1,145	2.67%
3. INTERNATIONAL RELATIONS					
A. FIP organizational membership	16,598	15,834	16,000	(166)	
	16,598	15,834	16,000	(166)	-1.04%
TOTAL EXPENSES	\$ 1,510,303	\$ 1,475,990	\$ 1,495,400	\$ (19,410)	-1.30%

(1) Staff expenses were under budget by a total of \$111,600 across all departments.

See independent auditors' report on supplementary information.

**COUNCIL ON PODIATRIC MEDICAL EDUCATION
INCOME AND EXPENSES
BUDGET FY 17-18**

	<u>ACTUAL FY 16-17</u>	<u>ACTUAL FY 17-18</u>	<u>UNAUDITED BUDGET FY 17-18</u>	<u>VARIANCE</u>	<u>%</u>
INCOME					
1. RESIDENCY VERIFICATION	\$ 10,350	\$ 10,200	\$ 7,600	\$ 2,600	34.21%
2. COLLEGE ACCREDITATION	51,390	47,041	45,000	2,041	4.54%
3. RESIDENCY APPROVAL	882,900	789,595	874,000	(84,405)	-9.66% (1)
4. CONTINUING EDUCATION APPROVAL	114,500	127,000	133,000	(6,000)	-4.51%
5. CERTIFYING BOARD RECOGNITION	30,228	31,908	30,000	1,908	6.36%
6. APPEALS	-	-	2,400	(2,400)	-100.00%
7. ADMIN. COST REIMB.	60,000	84,337	60,000	24,337	40.56% (2)
	<u>\$ 1,149,368</u>	<u>\$ 1,090,081</u>	<u>\$ 1,152,000</u>	\$ (61,919)	-5.37%
EXPENSES					
1. ADMINISTRATION	\$ 713,957	\$ 770,114	\$ 779,500	\$ (9,386)	-1.20%
2. COMMITTEES	83,252	50,810	78,800	(27,990)	-35.52% (3)
3. MEETINGS	60,123	47,885	72,000	(24,115)	-33.49% (3)
4. COLLEGE EVALUATIONS	23,991	-	-	-	
5. RESIDENCY EVALUATIONS	155,532	120,036	100,000	20,036	20.04% (4)
6. CONTINUING EDUCATION EVALUATIONS	-	-	-	-	
7. TRAINING & ORIENTATION WORKSHOPS	10,958	16,185	32,000	(15,815)	-49.42% (3)
	<u>\$ 1,047,813</u>	<u>\$ 1,005,030</u>	<u>\$ 1,062,300</u>	\$ (57,270)	-5.39%

(1) Fewer institutions than expected and some annual fees were recognized in prior fiscal year.

(2) Increase due to an additional cost-share agreement.

(3) Lower costs than projected.

(4) Higher than projected due to an increase in the number of evaluations conducted.

See independent auditors' report on supplementary information.

**DEVELOPMENT
INCOME AND EXPENSES
BUDGET FY 17-18**

	<u>ACTUAL FY 16-17</u>	<u>ACTUAL FY 17-18</u>	<u>UNAUDITED BUDGET FY 17-18</u>	<u>VARIANCE</u>	<u>%</u>
INCOME					
1. CORPORATE MEMBERS - UNRESTRICTED	\$ 22,475	\$ 28,958	\$ 25,000	\$ 3,958	
2. TRANSFER FROM EDUCATION FOUNDATION	7,672	3,770	5,800	(2,030)	
3. CORPORATE SPONSORSHIPS	658,542	684,590	717,500	(32,910)	(1)
	<u>\$ 688,689</u>	<u>\$ 717,318</u>	<u>\$ 748,300</u>	\$ (30,982)	-4.14%
EXPENSES					
1. ADMINISTRATION	\$ 503,864 12,801	\$ 512,364 11,954	\$ 520,000 13,000	\$ (7,636) (1,046)	
2. CORPORATE CULTIVATION	\$ 516,665	\$ 524,318	\$ 533,000	\$ (8,682)	-1.63%
	21,221 4,813	14,521 17,115	20,900 11,000	(6,379) 6,115	
	26,034	31,636	31,900	(264)	-0.83%
3. MARKETING	23,798 283	21,197 201	30,000 5,000	(8,803) (4,799)	
4. CORPORATE RECOGNITION PROGRAMS	24,081	21,398	35,000	(13,602)	-38.86%
	20,328 7,907	36,554 2,824	25,000 5,000	11,554 (2,176)	(2)
	28,235	39,378	30,000	9,378	31.26%
	<u>\$ 595,015</u>	<u>\$ 616,730</u>	<u>\$ 629,900</u>	\$ (13,170)	-2.09%

(1) Fewer programs sponsored than projected.

(2) Bigger event than projected for which the costs were offset by lower marketing costs for the fiscal year.

See independent auditors' report on supplementary information.

**FINANCE
INCOME AND EXPENSES
BUDGET FY 17-18**

	UNAUDITED				
	ACTUAL FY 16-17	ACTUAL FY 17-18	BUDGET FY 17-18	VARIANCE	%
INCOME					
1. ADMINISTRATIVE OPERATIONS					
A. Operating account	\$ 1,431	\$ 1,335	\$ 1,500	\$ (165)	
B. Miscellaneous Income	-	50,000	-	50,000	(1)
C. Management Fees (ASPS/PAC)	183,843	184,672	200,000	(15,328)	(2)
D. Allocation of Program Reserves	154,585	-	-	-	
E. Allocation of Strategic Reserves	850,000	544,767	612,000	(67,233)	(3)
F. Allocation of Capital Improvement Reserve	41,049	-	-	-	
G. Allocation of Research Endowment	725,000	307,691	460,000	(152,309)	(3)
H. Allocation of Legal & Legislative Reserve	25,000	8,000	10,000	(2,000)	
	\$ 1,980,908	\$ 1,096,465	\$ 1,283,500	\$ (187,035)	-14.57%
2. COMPUTER OPERATIONS					
A. Data files and label sales	35,178	44,924	45,000	(76)	
	35,178	44,924	45,000	(76)	-0.17%
TOTAL INCOME	\$ 2,016,086	\$ 1,141,389	\$ 1,328,500	\$ (187,111)	-14.08%
EXPENSES					
ADMINISTRATIVE OPERATIONS					
1. ADMINISTRATION					
A. Staff expenses	\$ 1,192,356	\$ 1,221,911	\$ 1,188,100	\$ 33,811	
B. Departmental operations	9,154	10,195	9,200	995	
	\$ 1,201,510	\$ 1,232,106	\$ 1,197,300	\$ 34,806	2.91%
2. FINANCE COMMITTEE	98	95	200	(105)	
	98	95	200	(105)	-52.50%
3. GENERAL OPERATIONS					
A. Supplies	18,840	18,360	20,000	(1,640)	
B. Telephone	66,783	64,144	62,100	2,044	
C. Equipment purchases	4,259	2,835	4,000	(1,165)	
D. Printing	3,042	3,486	5,000	(1,514)	
E. Professional Fees/Consultants	243,750	231,277	215,000	16,277	(4)
F. Insurance	79,019	67,694	79,000	(11,306)	(5)
G. Taxes	73,701	71,347	76,400	(5,053)	
H. Internal Management Activities	16,103	22,684	19,000	3,684	
I. Employment searches	438	3,358	8,000	(4,642)	
J. Service fees	229,568	200,921	200,000	921	
K. Grants	5,550	88,770	31,800	56,970	(6)
L. Program reserve	3,122	-	-	-	
	744,175	774,876	720,300	54,576	7.58%
4. PHYSICAL PLANT					
A. Maintenance services	47,104	45,425	50,000	(4,575)	
B. Utilities	61,279	60,239	68,000	(7,761)	
C. Building services	63,832	71,218	65,000	6,218	
D. Capital improvements	41,049	-	-	-	
	213,264	176,882	183,000	(6,118)	-3.34%

See independent auditors' report on supplementary information.

(continued)

FINANCE
INCOME AND EXPENSES
BUDGET FY 17-18

	ACTUAL FY 16-17	ACTUAL FY 17-18	BUDGET FY 17-18	VARIANCE	%
UNAUDITED					
5. MAIL & PRODUCTION					
A. Paper/Supplies	8,332	6,620	12,000	(5,380)	
B. Photocopying	20,047	22,695	22,000	695	
C. Postage/Courier	43,963	41,124	55,000	(13,876)	(7)
D. Equipment purchase, lease, and maintenance	19,770	22,357	22,000	357	
E. In-House printing (billings)	(7,563)	(5,420)	(10,000)	4,580	
	84,549	87,376	101,000	(13,624)	-13.49%
COMPUTER OPERATIONS					
6. SYSTEMS OPERATIONS					
A. Hardware purchases/upgrades	62,712	8,546	16,000	(7,454)	
B. Software purchases/upgrades	8,842	9,458	7,700	1,758	
C. Maintenance agreements	48,169	55,119	57,400	(2,281)	
D. Support/Consultants	94,838	70,491	72,000	(1,509)	
E. Cloud Hosting	113,221	114,064	96,800	17,264	(8)
F. Supplies	8,808	8,802	25,000	(16,198)	(9)
G. Training programs	-	-	2,000	(2,000)	
	336,590	266,480	276,900	(10,420)	-3.76%
INTERNET PRESENCE					
7. INTERNET HOSTING					
A. Website hosting	26,500	24,000	24,000	-	
B. Web video hosting	360	360	400	(40)	
C. Fees	185	175	200	(25)	
D. Listserve hosting	1,125	1,125	1,200	(75)	
E. Consultants	148,400	40,645	65,000	(24,355)	(10)
F. Hardware/Software upgrades/maintenance	-	20	2,200	(2,180)	
	176,570	66,325	93,000	(26,675)	-28.68%
TOTAL EXPENSES	\$ 2,756,756	\$ 2,604,140	\$ 2,571,700	\$ 32,440	1.26%

- (1) Escrow payment received from building sale that was terminated.
- (2) ASPS services transitioned to new management company in March.
- (3) Less reserve funding utilized than projected.
 Strategic Reserves: Operations (\$250,000), Data Registry (\$196,526), Brand Audit (\$38,241), Grants (\$60,000)
 Research Endowment: Data Registry (\$196,525), TDI Fellow (\$111,166).
 Legal & Legislative Reserve: Innovation Grants (\$8,000).
- (4) Increased costs due to potential sale of the building and termination of the staff defined benefit retirement plan.
- (5) Decreased workers compensation insurance costs.
- (6) More grants submitted to and approved by the board than projected.
- (7) Reduced costs due to more communications sent electronically.
- (8) More virtual servers utilized than projected.
- (9) Less activity than projected.
- (10) Fewer services than projected.

See independent auditors' report on supplementary information.

**HEALTH POLICY AND PRACTICE
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
INCOME					
1. CODING RESOURCE CENTER (CRC)	\$ 433,394	\$ 362,775	\$ 600,000	\$ (237,225)	(1)
2. CODING WORKSHOPS	6,754	7,864	45,000	(37,136)	(2)
TOTAL INCOME	\$ 440,148	\$ 370,639	\$ 645,000	\$ (274,361)	-42.54%
EXPENSES					
1. ADMINISTRATION					
A. Staff expenses	\$ 553,371	\$ 563,852	\$ 551,400	\$ 12,452	
B. Departmental operations	4,543	5,061	8,000	(2,939)	
	\$ 557,914	\$ 568,913	\$ 559,400	\$ 9,513	1.70%
2. HEALTH POLICY					
A. Health Policy & Practice Committee	28,894	25,230	28,000	(2,770)	
B. RUC representation	29,741	21,724	30,000	(8,276)	
C. DME representation	40	-	2,300	(2,300)	
D. MGMA Update Survey	-	-	800	(800)	
E. Medicare Advisory Body	-	61	400	(339)	
F. Consultants	87,814	110,100	120,000	(9,900)	
G. CMS Initiatives	16,274	9,173	7,200	1,973	
H. MACRA	-	1,422	8,000	(6,578)	
I. BMAD Data	6,063	6,500	6,500	-	
	168,826	174,210	203,200	(28,990)	-14.27%
3. CAC					
A. National CAC/PIAC meeting	61,254	57,579	55,000	2,579	
B. Communications	-	1,000	3,000	(2,000)	
	61,254	58,579	58,000	579	1.00%
4. CODING					
A. Coding Committee	43,798	19,897	18,000	1,897	
B. CPT representation	8,008	21,106	17,000	4,106	
C. Coding Resource Center	239,888	166,433	158,200	8,233	
D. Coding education	25,319	26,128	54,700	(28,572)	(2)
	317,013	233,564	247,900	(14,336)	-5.78%
5. PRIVATE HEALTHCARE INSURANCE INITIATIVES					
A. Consultants	67,200	67,200	67,200	-	
B. Representation	-	5,630	9,000	(3,370)	
C. Private Insurance education	228	2,367	5,700	(3,333)	
	67,428	75,197	81,900	(6,703)	-8.18%
6. CENTER FOR PROFESSIONAL ADVOCACY (CPA)					
A. CPA Advisory Group	139	526	1,000	(474)	
B. Legal & Legislative Initiatives	30,571	12,601	12,300	301	
C. State Advocacy meeting	45,061	-	-	-	
D. Representation	6,846	4,546	9,800	(5,254)	
E. Data tracking	13,176	6,900	7,000	(100)	
F. Advocacy Resources	3,601	1,381	10,000	(8,619)	
	99,394	25,954	40,100	(14,146)	-35.28%
TOTAL EXPENSES	\$ 1,271,829	\$ 1,136,417	\$ 1,190,500	\$ (54,083)	-4.54%

(1) Decrease in CRC subscriptions.

(2) Fewer requested seminars at state or regional meetings than projected.

See independent auditors' report on supplementary information.

**LEGISLATIVE ADVOCACY
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
INCOME					
1. REIMB. FROM APMAPAC/GEF - LEGISLATIVE CONF.	\$ 19,058	\$ 26,505	\$ 35,000	\$ (8,495)	(1)
TOTAL INCOME	\$ 19,058	\$ 26,505	\$ 35,000	\$ (8,495)	-24.27%
EXPENSES					
1. ADMINISTRATION					
A. Staff expenses	\$ 325,266	\$ 259,932	\$ 317,500	\$ (57,568)	
B. Departmental operations	25,501	31,003	39,700	(8,697)	
C. APMAPAC/GEF activities	41,926	25,981	36,500	(10,519)	(2)
	\$ 392,693	\$ 316,916	\$ 393,700	\$ (76,784)	-19.50%
2. LEGISLATIVE ACTIVITIES					
A. Legislative Committee	4,010	10,818	23,200	(12,382)	(3)
B. Consultant	106,177	132,818	120,000	12,818	(4)
C. Coalition efforts	-	2,300	5,000	(2,700)	
D. On-line services	50,336	51,360	73,000	(21,640)	(5)
	160,523	197,296	221,200	(23,904)	-10.81%
3. LEGISLATIVE CONFERENCE					
A. Meeting	69,332	65,188	80,000	(14,812)	(1)
	69,332	65,188	80,000	(14,812)	-18.52%
TOTAL EXPENSES	\$ 622,548	\$ 579,400	\$ 694,900	\$ (115,500)	-16.62%

- (1) More costs direct-billed to the APMAPAC/GEF than projected. Therefore, less reimbursement to APMA was needed.
- (2) Less activity than projected.
- (3) No in-person meeting.
- (4) Increased costs due to hiring new consulting firm.
- (5) Fewer database and subscription costs than projected.

See independent auditors' report on supplementary information.

**MEMBERSHIP
INCOME AND EXPENSES
BUDGET FY 17-18**

	UNAUDITED				
	ACTUAL FY 16-17	ACTUAL FY 17-18	BUDGET FY 17-18	VARIANCE	%
INCOME					
1. MEMBERSHIP SERVICES					
A. Dues	\$ 7,428,397	\$ 7,192,327	\$ 7,600,000	\$ (407,673)	(1)
B. Verification Services	450	255	400	(145)	
C. Member Directory/Certificates	210	55	200	(145)	
D. Affinity Programs	27,648	25,720	75,000	(49,280)	(2)
E. Royalties	100,000	100,000	100,000	-	
TOTAL INCOME	<u>\$ 7,556,705</u>	<u>\$ 7,318,357</u>	<u>\$ 7,775,600</u>	\$ (457,243)	-5.88%
EXPENSES					
1. ADMINISTRATION					
A. Staff expenses	\$ 868,667	\$ 880,490	\$ 875,000	\$ 5,490	
B. Departmental operations	1,253	1,371	2,000	(629)	
	\$ 869,920	\$ 881,861	\$ 877,000	\$ 4,861	0.55%
2. COMMITTEES					
A. Membership Committee	44	52	500	(448)	
B. Physicians' Recovery Network	1,475	1,482	1,200	282	
	1,519	1,534	1,700	(166)	-9.76%
3. MEMBERSHIP SERVICES					
A. Recognition/awards/certificates	-	1,462	3,900	(2,438)	
B. Member mailings	6,421	6,108	6,600	(492)	
C. State Licensure Data Collection	737	266	1,000	(734)	
	7,158	7,836	11,500	(3,664)	-31.86%
4. MEMBER RECRUITMENT					
A. Marketing	36,818	6,230	48,500	(42,270)	(3)
B. Membership Summit	27,272	-	-	-	
C. Database Upgrade for State Online Donations	-	-	3,500	(3,500)	
D. Podiatric College Visitations - Spring	29,516	26,576	20,000	6,576	
E. Podiatric College Visitations - Fall	4,083	1,534	4,600	(3,066)	
	97,689	34,340	76,600	(42,260)	-55.17%
TOTAL EXPENSES	<u>\$ 976,286</u>	<u>\$ 925,571</u>	<u>\$ 966,800</u>	\$ (41,229)	-4.26%

(1) Variance due to slight decrease in dues-paying members and effect of new members paying 50% dues for first year per the national recruitment campaign.

(2) New initiatives didn't produce projected results. New programs and marketing initiatives are being considered.

(3) Less costs than projected primarily due to work being done in-house.

See independent auditors' report on supplementary information.

**YOUNG PHYSICIANS PROGRAM
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL		UNAUDITED			
	FY 16-17	FY 17-18	FY 17-18		VARIANCE	%
INCOME						
1. PROGRAM FEES						
A. Practice Management Seminar	\$ 13,642	\$ -	\$ 16,000		\$ (16,000)	(1)
TOTAL INCOME	\$ 13,642	\$ -	\$ 16,000		\$ (16,000)	
EXPENSES						
1. ADMINISTRATION						
A. Staff expenses	\$ 59,850	\$ -	\$ -		\$ -	
B. Departmental operations	95	884	2,000		(1,116)	
	\$ 59,945	\$ 884	\$ 2,000		\$ (1,116)	-55.80%
2. LEADERSHIP						
A. Young Physician Institute	42,835	54,903	51,000		3,903	
B. Young Physician Planning Group	138	1,812	6,000		(4,188)	
C. Issues Assessment/Focus Groups/Surveys	-	-	2,500		(2,500)	
D. Events for Young Physicians	7,780	4,447	7,300		(2,853)	
E. Representation	989	4,996	3,200		1,796	
F. Liaison Conference Calls	73	33	300		(267)	
	51,815	66,191	70,300		(4,109)	-5.84%
3. RESOURCES						
A. Residency Education Resource Center (REdRC)	40,726	1,328	10,600		(9,272)	
B. Practice Management Resources	8,500	13,000	8,500		4,500	
	49,226	14,328	19,100		(4,772)	-24.98%
4. EDUCATION						
A. Professional Education and Representation	-	-	4,500		(4,500)	
B. Practice Management Seminar	37,232	1,135	46,500		(45,365)	(1)
	37,232	1,135	51,000		(49,865)	-97.77%
TOTAL EXPENSES	\$ 198,218	\$ 82,538	\$ 142,400		\$ (59,862)	-42.04%

(1) The Practice Management Expo meeting was not held in FY 17-18.

See independent auditors' report on supplementary information.

**SCIENTIFIC AFFAIRS
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
INCOME					
1. PROGRAM FEES					
A. Seal of Acceptance	\$ 191,941	\$ 172,040	\$ 195,000	\$ (22,960)	(1)
B. Seal of Approval	53,475	31,250	55,000	(23,750)	(1)
C. Other	-	499	-	499	
TOTAL INCOME	\$ 245,416	\$ 203,789	\$ 250,000	\$ (46,211)	-18.48%
EXPENSES					
1. ADMINISTRATION					
A. Staff expenses	\$ 373,969	\$ 482,170	\$ 520,800	\$ (38,630)	
B. Departmental operations	13,674	8,095	7,200	895	
	\$ 387,643	\$ 490,265	\$ 528,000	\$ (37,735)	-7.15%
2. SEAL AND RECOGNITION PROGRAMS					
A. Podiatric Seals Committee	64	9	200	(191)	
B. Representation	2,133	876	1,800	(924)	
C. Mailings	3,960	3,014	3,500	(486)	
D. Marketing	2,500	306	5,500	(5,194)	
	8,657	4,205	11,000	(6,795)	-61.77%
3. PUBLIC HEALTH					
A. Committee	119	94	3,500	(3,406)	
B. Marketing	5,085	1,885	3,400	(1,515)	
	5,204	1,979	6,900	(4,921)	-71.32%
4. CLINICAL PRACTICE & RESEARCH					
A. CPAC meetings	51	26	600	(574)	
B. Representation	15,640	12,937	11,600	1,337	
C. Vision 21st Century	7,581	3,375	5,000	(1,625)	
D. Statistics	-	-	10,000	(10,000)	(2)
E. Research Promotion	7,050	8,174	8,500	(326)	
F. Regional Lecture Series	147,481	207,424	125,500	81,924	(3)
G. Data Registry	1,200,955	393,051	615,000	(221,949)	(4)
H. Research Grants	100,133	111,166	135,000	(23,834)	(5)
	1,478,891	736,153	911,200	(175,047)	-19.21%
TOTAL EXPENSES	\$ 1,880,395	\$ 1,232,602	\$ 1,457,100	\$ (224,498)	-15.41%

(1) Decrease in activity primarily due to prior years outstanding balances being written off.

(2) No activity.

(3) More programs sponsored than projected.

(4) Fewer development costs than projected.

(5) Only TDI Fellow costs. No additional grants submitted.

See independent auditors' report on supplementary information.

**COMMUNICATIONS
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
INCOME					
1. APMA NEWS					
A. Subscriptions	\$ 810	\$ 770	\$ 1,000	\$ (230)	
B. Commercial advertisements	155,376	158,297	250,000	(91,703)	(1)
C. Classified advertisements	39,758	28,349	65,000	(36,651)	(1)
	\$ 195,944	\$ 187,416	\$ 316,000	\$ (128,584)	-40.69%
2. JAPMA					
A. Subscriptions	57,508	50,576	65,000	(14,424)	
B. Commercial advertisements	84,514	100,367	80,000	20,367	(2)
C. Reprints	105	492	500	(8)	
D. Online Database Royalties	5,721	5,654	8,000	(2,346)	
	147,848	157,089	153,500	3,589	2.34%
3. BROCHURES					
A. Sales	4,968	30	5,000	(4,970)	
	4,968	30	5,000	(4,970)	-99.40%
TOTAL INCOME	\$ 348,760	\$ 344,535	\$ 474,500	\$ (129,965)	-27.39%
EXPENSES					
1. ADMINISTRATION					
A. Staff expenses	\$ 899,996	\$ 952,983	\$ 983,200	\$ (30,217)	
B. Departmental operations	6,241	9,682	10,000	(318)	
	\$ 906,237	\$ 962,665	\$ 993,200	\$ (30,535)	-3.07%
2. COMMITTEE					
A. Communications Committee	20,611	21,658	26,500	(4,842)	
	20,611	21,658	26,500	(4,842)	-18.27%
3. APMA NEWS					
A. Printing and distribution	164,719	162,067	189,600	(27,533)	(3)
B. Design services	1,790	685	2,000	(1,315)	
C. Proofreading	4,810	3,120	3,000	120	
D. Commissions	30,285	30,435	45,000	(14,565)	(1)
	201,604	196,307	239,600	(43,293)	-18.07%
4. JAPMA					
A. Printing and distribution	158,137	165,607	202,000	(36,393)	(3)
B. Online production	29,574	27,147	29,000	(1,853)	
C. Redactor services	12,478	12,258	24,000	(11,742)	(4)
D. Software	5,164	6,525	4,100	2,425	
E. Commissions	15,213	20,111	14,400	5,711	(2)
	220,566	231,648	273,500	(41,852)	-15.30%
5. BROCHURES					
A. Printing/Shipping	4,647	936	5,000	(4,064)	
	4,647	936	5,000	(4,064)	-81.28%

See independent auditors' report on supplementary information.

(Continued)

**COMMUNICATIONS
INCOME AND EXPENSES
BUDGET FY 17-18**

	ACTUAL FY 16-17	ACTUAL FY 17-18	UNAUDITED BUDGET FY 17-18	VARIANCE	%
6. DIGITAL PUBLICATIONS					
A. Production	21,264	26,875	29,500	(2,625)	
	21,264	26,875	29,500	(2,625)	-8.90%
7. OTHER ACTIVITIES					
A. Communications Survey	18,422	39,341	38,000	1,341	
B. Mobile App Development	300	-	-	-	
	18,722	39,341	38,000	1,341	3.53%
8. PUBLIC RELATIONS FUNCTIONS					
A. Media Opportunities	7,291	5,750	6,200	(450)	
B. Social Media/Multimedia Applications	59,173	54,301	60,000	(5,699)	
C. Graphics/Photos	3,000	737	3,000	(2,263)	
D. Video production	4,000	4,000	4,000	-	
E. Marketing for Individual DPMs	750	1,500	2,500	(1,000)	
F. Media clipping service	15,037	15,037	15,000	37	
	89,251	81,325	90,700	(9,375)	-10.34%
9. FALL CAMPAIGN					
A. Campaign development	40,692	48,603	45,000	3,603	
B. Video production	20,500	10,000	12,000	(2,000)	
C. News Releases	1,541	-	3,000	(3,000)	
D. Material distribution	1,250	173	5,000	(4,827)	
	63,983	58,776	65,000	(6,224)	-9.58%
10. SPRING CAMPAIGN					
A. Campaign development	19,445	39,965	40,000	(35)	
B. Video production	13,500	-	20,000	(20,000)	
C. News Releases	-	1,725	3,000	(1,275)	
D. Survey	-	20,000	20,000	-	
E. Material distribution	-	4,825	5,000	(175)	
	32,945	66,515	88,000	(21,485)	-24.41% (5)
11. CAPABILITIES CAMPAIGN					
A. Materials development	50,000	14,080	50,000	(35,920)	
B. Advertising	39,200	-	35,500	(35,500)	
C. Consultants	25,650	50,000	30,000	20,000	
	114,850	64,080	115,500	(51,420)	-44.52% (5)
TOTAL EXPENSES	\$ 1,694,680	\$ 1,750,126	\$ 1,964,500	\$ (214,374)	-10.91%

- (1) Less demand for advertising than projected.
- (2) More demand for advertising than projected.
- (3) Reduced production costs.
- (4) Fewer services contracted than projected.
- (5) Reduced activity due to overall budget constraints from projected budget deficit

See independent auditors' report on supplementary information.