

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**

**FINANCIAL REPORT**

**May 31, 2019**

# AMERICAN PODIATRIC MEDICAL ASSOCIATION

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of American Podiatric Medical Association (a nonprofit organization), which comprise the statement of financial position as of May 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### 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 auditors' 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 as of May 31, 2019, 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 2018 financial statements, and our report dated September 19, 2018, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matter – Effect of Adopting New Accounting Standard**

As discussed in Note 2, American Podiatric Medical Association adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended May 31, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.



*Rockville, Maryland  
October 10, 2019*

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**Years Ended May 31, 2019 and 2018**

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 2,742,797	\$ 56,096	\$ 2,798,893	\$ 2,833,922
Investments - at fair value	16,303,964	-	16,303,964	17,850,369
Notes receivable	19,399	-	19,399	21,015
Accounts receivable	169,950	-	169,950	181,083
Prepaid expenses	195,263	-	195,263	330,126
	<u>19,431,373</u>	<u>56,096</u>	<u>19,487,469</u>	<u>21,216,515</u>
<b>Property and Equipment, at cost</b>				
Building and improvements	3,849,395	-	3,849,395	3,845,157
Registry	1,522,622	-	1,522,622	1,361,550
Furniture, fixtures, and equipment	1,172,005	-	1,172,005	1,189,574
Land	863,791	-	863,791	863,791
Website	632,663	-	632,663	632,663
	<u>8,040,476</u>	<u>-</u>	<u>8,040,476</u>	<u>7,892,735</u>
Less accumulated depreciation and amortization	4,948,714	-	4,948,714	4,624,105
Net property and equipment	<u>3,091,762</u>	<u>-</u>	<u>3,091,762</u>	<u>3,268,630</u>
<b>Noncurrent Assets</b>				
Notes receivable	24,247	-	24,247	43,645
Assets held in trust	332,372	-	332,372	355,925
Total noncurrent assets	<u>356,619</u>	<u>-</u>	<u>356,619</u>	<u>399,570</u>
	<u>\$ 22,879,754</u>	<u>\$ 56,096</u>	<u>\$ 22,935,850</u>	<u>\$ 24,884,715</u>

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

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION (continued)**  
**Years Ended May 31, 2019 and 2018**

	2019		Totals	2018 Totals
	Without Donor Restrictions	With Donor Restrictions		
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 81,362	\$ 24,573	\$ 105,935	\$ 278,000
Accrued expenses	779,718	-	779,718	779,475
Deferred income				
Membership dues	1,099,161	-	1,099,161	1,184,842
Program fees and sponsorships	966,792	-	966,792	961,699
Meeting exhibits and registration	536,489	-	536,489	638,924
Subscriptions	144,193	-	144,193	153,365
Note payable - current portion	250,339	-	250,339	-
Accrued pension benefit cost	-	-	-	1,911,386
	<u>3,858,054</u>	<u>24,573</u>	<u>3,882,627</u>	<u>5,907,691</u>
<b>Noncurrent Liabilities</b>				
Deferred compensation payable	332,372	-	332,372	355,925
Note payable - noncurrent portion	1,454,115	-	1,454,115	-
Total noncurrent liabilities	<u>1,786,487</u>	<u>-</u>	<u>1,786,487</u>	<u>355,925</u>
Total liabilities	<u>5,644,541</u>	<u>24,573</u>	<u>5,669,114</u>	<u>6,263,616</u>
<b>Net Assets</b>				
Without donor restrictions	13,607,830	-	13,607,830	14,697,417
Without donor restrictions - Board designated	3,627,383	-	3,627,383	3,923,682
Total net assets without donor restrictions	17,235,213	-	17,235,213	18,621,099
With donor restrictions	-	31,523	31,523	-
Total net assets	<u>17,235,213</u>	<u>31,523</u>	<u>17,266,736</u>	<u>18,621,099</u>
Total liabilities and net assets	<u>\$ 22,879,754</u>	<u>\$ 56,096</u>	<u>\$ 22,935,850</u>	<u>\$ 24,884,715</u>

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

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**Year Ended May 31, 2019**  
**(With Comparative Totals for 2018)**

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue and Support</b>				
Membership dues	\$ 7,259,061	\$ -	\$ 7,259,061	\$ 7,192,327
Sponsorship income	1,386,768	-	1,386,768	1,593,373
Accreditation and approval	1,191,070	-	1,191,070	1,079,880
Exhibit revenue	605,138	-	605,138	651,235
Subscriptions and sales	401,542	-	401,542	459,620
Advertising	277,423	-	277,423	304,753
Meeting registration	314,098	-	314,098	374,660
POP contributions (formerly GEF contributions)	206,098	31,523	237,621	300,866
Seal programs	221,657	-	221,657	203,290
Service revenue	201,055	-	201,055	213,410
Royalties	127,437	-	127,437	131,374
Miscellaneous Income	63,790	-	63,790	50,499
Investment return	(61,956)	-	(61,956)	1,267,390
	<u>12,193,181</u>	<u>31,523</u>	<u>12,224,704</u>	<u>13,822,677</u>
Total support and revenue before release of restrictions				
Net assets released from restrictions	-	-	-	-
	<u>12,193,181</u>	<u>31,523</u>	<u>12,224,704</u>	<u>13,822,677</u>
<b>Expenses</b>				
House of Delegates	289,922	-	289,922	232,485
Annual Scientific Meeting	1,255,523	-	1,255,523	1,188,560
Board of Trustees	488,689	-	488,689	514,472
Executive Office	1,308,829	-	1,308,829	1,693,764
Council on Podiatric Medical Education	1,057,974	-	1,057,974	1,128,238
Development	494,230	-	494,230	655,450
Finance	2,444,833	-	2,444,833	2,719,261
Health Policy and Practice	1,088,213	-	1,088,213	1,134,807
Legislative Advocacy	624,028	-	624,028	638,185
Membership	780,767	-	780,767	1,097,874
Young Physicians Program	220,030	-	220,030	88,663
Scientific Affairs	1,257,324	-	1,257,324	1,167,361
Communications	1,643,534	-	1,643,534	1,799,873
Protecting Our Profession (formerly Government Education Fund)	206,098	-	206,098	324,413
Interest	71,954	-	71,954	-
Depreciation and amortization	347,119	-	347,119	344,538
	<u>13,579,067</u>	<u>-</u>	<u>13,579,067</u>	<u>14,727,944</u>
<b>Increase (decrease) in net assets from operations</b>	(1,385,886)	31,523	(1,354,363)	(905,267)
Change in obligations for post-retirement benefits	-	-	-	70,963
<b>Change in net assets</b>	(1,385,886)	31,523	(1,354,363)	(834,304)
<b>Net assets - beginning of year</b>	<u>18,621,099</u>	<u>-</u>	<u>18,621,099</u>	<u>19,455,403</u>
<b>Net assets - end of year</b>	<u>\$ 17,235,213</u>	<u>\$ 31,523</u>	<u>\$ 17,266,736</u>	<u>\$ 18,621,099</u>

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

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended May 31, 2019**

	<u>Programs</u>	<u>Support</u>	<u>Total</u>
Salaries and benefits	\$ 5,627,657	\$ 806,711	\$ 6,434,368
Consulting services	1,381,784	130,267	1,512,051
Meeting expense	1,073,218	282,351	1,355,569
Travel & transportation	797,855	297,520	1,095,375
Professional fees	485,663	174,206	659,869
Printing & production	498,393	4,162	502,555
Depreciation	306,645	40,474	347,119
Service fees	218,703	-	218,703
Grants & contributions	207,403	-	207,403
Promotion	197,525	557	198,082
Occupancy costs	160,756	20,285	181,041
Telecommunications	164,214	14,894	179,108
Equipment	122,237	14,967	137,204
Postage & shipping	119,225	1,302	120,527
Interest	63,564	8,390	71,954
Subscriptions	69,929	939	70,868
Supplies	54,446	10,938	65,384
Taxes-other	55,373	8,274	63,647
Insurance	54,889	8,202	63,091
Membership dues	50,533	325	50,858
Commissions	44,290	-	44,290
	<u>\$ 11,754,303</u>	<u>\$ 1,824,764</u>	<u>\$ 13,579,067</u>

*The accompanying notes are an integral part of this financial statement.*



**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended May 31, 2019 and 2018**

	2019	2018
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,354,363)	\$ (834,304)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	347,119	344,538
Net realized and unrealized (gain) loss on investments	301,919	(719,490)
Actuarial gain on pension obligation	-	(70,963)
Decrease (increase) in assets:		
Accounts receivable	11,133	(57,870)
Assets held in trust	23,553	49,634
Due from related parties, net of allowance for doubtful accounts	-	39,493
Prepaid expenses	134,863	(110,604)
Increase (decrease) in liabilities:		
Accounts payable	(172,065)	192,480
Accrued expenses	243	(1,701)
Deferred income	(192,195)	206,415
Accrued pension benefit cost	(1,911,386)	887,501
Deferred compensation payable	(23,553)	(49,634)
Net cash used in operating activities	(2,834,732)	(124,505)
<b>Cash flows from investing activities:</b>		
Capital expenditures	(170,251)	(169,657)
Purchase of investments	(1,002,839)	(2,771,820)
Notes receivable	21,014	(64,660)
Proceeds from sale of investments	2,247,325	3,146,928
Net cash provided by investing activities	1,095,249	140,791
<b>Cash flows from financing activities:</b>		
Proceeds from note payable	1,925,000	-
Payments on note payable	(220,546)	-
Net cash provided by financing activities	1,704,454	-
<b>Net increase (decrease) in cash and cash equivalents</b>	(35,029)	16,286
<b>Cash and cash equivalents at beginning of year</b>	2,833,922	2,817,636
<b>Cash and cash equivalents at end of year</b>	\$ 2,798,893	\$ 2,833,922

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

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 1. Organization**

The American Podiatric Medical Association (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.

***Basis 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.

***Basis of Presentation***

The Association reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent the expendable net assets that are available for support of the Association. Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met by actions of the Association and/or the passage of time and those that are subject to donor-imposed stipulations that the Association maintain them permanently.

***Recent Accounting Pronouncements Adopted***

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Association has adopted this ASU as of and for the year ended May 31, 2019 with retrospective application for the fiscal 2018 financial statements. The adoption of this ASU had no effect on net assets or the change in net assets presented for the years ended May 31, 2019 and 2018.

The Association opted to not disclose liquidity and availability information, and an analysis of functional expenses by nature for 2018, as permitted under the ASU in the year of adoption.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 2. Summary of Significant Accounting Policies (continued)**

*Comparative Totals*

The financial statements include certain prior-year summarized comparative information. The 2018 information does not show a breakout of net assets without donor restriction and net assets with donor restrictions, 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, 2018, from which the summarized information was derived.

*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. At May 31, 2019 and 2018, the Foundation had assets of \$ 7,949,026 and \$ 8,437,018 respectively. At May 31, 2019 and 2018, the Foundation had net assets of \$ 7,928,126 and \$ 8,420,929, 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, amounts held in repurchase agreements with financial institutions, and all highly liquid investments, including certificates of deposits, with an original maturity of three months or less to be cash and cash equivalents.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 2. Summary of Significant Accounting Policies (continued)**

*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. Based on management's review, an allowance was not considered necessary at May 31, 2019 and 2018.

*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, 2019 and 2018.

*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 \$ 1,522,622 for the development of a data registry. The data registry 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. The full registry was placed in service during the year-ended May 31, 2019.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 2. Summary of Significant Accounting Policies (continued)**

***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 net assets with donor restrictions. These assets are then reclassified to net assets without donor restrictions whenever the restrictions are satisfied. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are recognized.

***Functional Allocation of Expenses***

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Salaries, benefits and consultants are allocated among program and supporting services by percentage based on the time spent on each project. All general and administrative expenses such as rent, telecommunications, bank fees, travel and other professional fees and expenses are allocated based on the total labor percentage of the project.

***Subsequent Events***

In preparing its financial statements, the Association has evaluated subsequent events through October 10, 2019, 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.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 4. Liquidity**

Financial assets available within one year for operations that are not subject to donor restrictions that make them unavailable for general operations as of May 31, 2019, were as follows:

Cash and cash equivalents	\$ 2,798,893
Investments	16,303,964
Notes receivable	19,399
Accounts receivable	169,950
Less:	
Net assets without donor restrictions – Board designated	3,627,383
Net assets with donor restrictions	<u>31,523</u>
	<u>\$ 15,633,300</u>

As part of the Association’s liquidity management, it invests cash in various investments including collateralized sweep accounts, certificates of deposit, money market funds, and mutual funds. The Association manages its liquid resources by focusing on investing excess cash in investments that maximize earnings potential balanced with the amount of risk the Association has decided can be tolerated. The Association’s Board of Trustees, at its discretion, can undesignate the balance of Board designated net assets so that the Association can meet obligations for general expenditures.

**Note 5. 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 5. 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, 2019 and 2018.

*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**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 5. 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, 2019 and 2018:

**Assets at Fair Value as of May 31, 2019**

	<u>Level 1</u>	<u>Level 2</u>	<u>Levels 3</u>	<u>Total</u>
Mutual funds:				
Growth funds	\$ 7,271,999	\$ -	\$ -	\$ 7,271,999
Bond funds	2,907,547	-	-	2,907,547
Foreign market funds	2,505,538	-	-	2,505,538
Income	1,073,008	-	-	1,073,008
Commodities	179,322	-	-	179,322
Other	<u>1,039,476</u>	-	-	<u>1,039,476</u>
Total mutual funds	14,976,890	-	-	14,976,890
Money market funds	-	1,327,074	-	1,327,074
Assets held in trust	-	<u>332,372</u>	-	<u>332,372</u>
Total	<u>\$ 14,976,890</u>	<u>\$ 1,659,446</u>	<u>\$ -</u>	<u>\$ 16,636,336</u>

**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>

There were no purchases, issuances, settlements, realized or unrealized gains or losses related to Level 3 assets during the years ended May 31, 2019 and 2018.

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, 2019 and 2018. 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 5. Fair Value Measurements (continued)**

The following summarizes the investment return and its classification in the statement of activities for the years ended May 31, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 290,683	\$ 600,704
Realized and unrealized net gain (loss)	(301,919)	719,490
Investment expenses	(50,720)	(52,804)
Total net investment return	\$ (61,956)	\$ 1,267,390

**Note 6. Note Payable**

Note payable at May 31, 2019, consists of the following:

Secured bank note, payable \$ 26,591 monthly, including interest at 4.25%	<u>\$ 1,704,454</u>
	1,704,454
Less: current maturities	250,339
	<u>\$ 1,454,115</u>

The above loan is secured by \$ 2,750,000 in funds held in a specific investment account.

Aggregate maturities required on this loan are as follows:

2020	\$ 250,339
2021	261,523
2022	273,017
2023	285,016
2024	297,494
Thereafter	337,065
	<u>\$ 1,704,454</u>

**Note 7. Defined Benefit Plan**

The Association sponsored the American Podiatric Medical Association Retirement Plan, a defined benefit pension plan that covered all employees who are at least 20 years of age with 12 months of service. The Plan provided pension benefits to eligible employees at retirement based primarily upon years of service with the Association and compensation at retirement. Contributions to the Plan were 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.

In the year ended May 31, 2019, the Association terminated 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, details of which are disclosed in Note 6. As of May 31, 2019, the defined benefit pension liability had been paid in full.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 7. Defined Benefit Plan (continued)**

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

**Obligations and Funded Status**

Change in projected benefit obligation:	
Benefit obligation at beginning of year	\$ 6,186,482
Interest cost	312,154
Actuarial loss	1,250,576
Curtailment	(8,310)
Benefits paid	<u>(1,041,555)</u>
Benefit obligation at end of year	<u>\$ 6,699,347</u>

Change in plan assets:	
Fair value of plan assets at beginning of year	\$ 5,091,634
Actual return on plan assets	487,882
Employer contributions	250,000
Benefits paid	<u>(1,041,555)</u>
Fair value of plan assets at end of year	<u>\$ 4,787,961</u>

Underfunded status at year end	<u>\$ 1,911,386</u>
--------------------------------	---------------------

Amounts recognized in the statement of financial position consist of:	
Current liabilities	\$ 1,911,386
Noncurrent liabilities	<u>-</u>
	<u>\$ 1,911,386</u>

Amounts recognized as other changes in net assets consist of the following:

Net gain (loss)	<u>\$ 70,963</u>
-----------------	------------------

Components of net periodic benefit cost are as follows:

<b>Net Periodic Benefit Cost:</b>	
Interest cost on projected benefit obligations	\$ 312,154
Expected return on plan assets	<u>(403,747)</u>
Net periodic benefit cost	<u>\$ (91,593)</u>

Other changes in plan assets and benefit obligations recognized in changes in assets without donor restrictions:

Amounts previously recognized in net assets without donor restrictions, not yet recognized as periodic pension cost at May 31, 2018:	\$ -
--	------

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 7. Defined Benefit Plan (continued)**

**Other Information**

Accrued pension benefit cost recognized in the statement of financial position	\$ 1,911,386
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For the year ended May 31, 2018:

Net periodic benefit cost recognized in the statement of activities	\$ (91,593)
--	-------------

Employer contributions to the Plan	\$ 250,000
------------------------------------	------------

Benefits paid by the Plan	\$ 1,041,555
---------------------------	--------------

Weighted average assumption for discount rate as of May 31, 2018:	5%
--	----

Expected return on Plan assets as of May 31, 2018:	7.75%
--	-------

Expected rate of increase in compensation as of May 31, 2018:	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, 2019, the Association held no plan assets as the defined benefit plan had been closed and the assets liquidated.

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

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.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 7. 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:

<u>Assets at Fair Value as of May 31, 2018</u>				
	<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 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, 2019 and 2018. In 2018 all assets were valued using a market approach.

**Note 8. 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, 2019 and 2018, the Association contributed \$ 441,323 and \$ 401,354, respectively, to the Plan.

The Association maintains a 457(b) plan for the executive director. The Association makes an annual contribution to the plan. Contributions for May 31, 2019, were \$ 17,924. Assets held in trust under this plan at May 31, 2019, were \$ 17,924. There were no contributions or assets held in trust under this plan at May 31, 2018.

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, 2019 and 2018, were \$ 314,448 and \$ 355,925, respectively.

**Note 9. Board Designated Net Assets**

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

	<u>2019</u>	<u>2018</u>
Research endowment	\$ 2,013,061	\$ 2,263,849
Legal and legislative assistance	941,706	997,285
Capital reserve	<u>672,616</u>	<u>662,548</u>
Total board designated investments	<u>\$ 3,627,383</u>	<u>\$ 3,923,682</u>

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 10. Board Designated Endowment Funds**

As of May 31, 2019 and 2018, the Board of Trustees had designated \$ 2,013,061 and \$ 2,263,849, respectively, of net assets without donor restrictions 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 net assets without donor restrictions.

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, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Board-designated endowment net assets, beginning of year	\$ 2,263,849	\$ 2,404,632
Net investment gains (losses)	(103,819)	116,263
Interest / Dividends	100,423	89,357
Allocated for expenditure	<u>(247,392)</u>	<u>(346,403)</u>
Board-designated endowment net assets, end of year	<u>\$ 2,013,061</u>	<u>\$ 2,263,849</u>

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 11. Net Assets With Donor Restrictions**

Net assets with donor restrictions result from gifts of cash and other assets with donor imposed restrictions. Net assets with donor restrictions at May 31, 2019 and 2018, are available for the following purposes:

	2019	2018
Protecting Our Profession	\$ 31,523	\$ -

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

**Note 12. 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 for \$ 90,000 for the year ended May 31, 2019, and at no cost for the year ended May 31, 2018.

There were no contributions made to the Ed Foundation in 2019. In 2018, the Association contributed \$ 21,500 to the Foundation. At May 31, 2019, there is no amount outstanding between the two Organizations. At May 31, 2018, \$ 21,500 was 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, 2019 and 2018 was \$ 95,000 and \$ 98,020, respectively. As of May 31, 2019 and 2018, \$ - and \$ 59,912 was still outstanding, respectively.

**Note 13. Affiliated Organization**

In April 2018, the Association and American Society of Podiatric Surgeons (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. The amount due under the terms of this note for the years ended May 31, 2019 and 2018, was \$ 43,646 and \$ 64,660, respectively.

Additionally, in 2010, the Association issued ASPS a \$ 150,000 line of credit. This line was closed during the year ended May 31, 2018, as part of the settlement.

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 14. Functional Expenses**

The expenses of the Association for the years ended May 31, 2019 and 2018 on a functional basis are as follows:

	2019	2018
Program services		
Annual Educational Program	\$ 1,255,523	\$ 1,188,560
Council on Podiatric Medical Education	1,701,883	1,909,330
Health Policy and Practice	1,613,670	1,725,433
Legislative Advocacy	928,153	910,746
Membership	1,510,366	2,020,198
Young Physicians Program	308,152	88,663
Scientific Affairs	1,741,767	1,672,582
Communications	2,488,691	2,798,637
Protecting Our Profession (formerly Government Education Fund)	206,098	324,413
Total program services	11,754,303	12,638,562
Support services		
House of Delegates	289,922	232,485
Board of Trustees	488,689	514,472
Development	898,774	1,192,127
Internet Presence	147,379	150,298
Total support services	1,824,764	2,089,382
Total expenses	<u>\$ 13,579,067</u>	<u>\$ 14,727,944</u>

**Note 15. Leases**

The Association has entered into various lease agreements for postage equipment and software from unrelated parties that are effective through June 2022. Lease expense was \$ 43,943 and \$ 57,978 for the years ended May 31, 2019 and 2018, respectively. Future minimum lease payments under these leases are as follows:

	2020	\$ 26,190
	2021	26,190
	2022	9,390
Total minimum lease payments		<u>\$ 61,770</u>

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 16. 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, 2019 and 2018.

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, 2019 and 2018, 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, 2019 and 2018. 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 17. Employment Agreement**

The Association entered into an employment agreement with its Executive Director. The agreement expires on May 31, 2022. 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 18. 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 19. 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.



**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2019 and 2018**

**Note 20. Subsequent Event**

Effective June 2019, the Association has created a for-profit subsidiary, APMA Services, Inc. (ASI), through which the Association can partner with leading service providers in a variety of business related industries for the benefit of members while generating non-dues revenue.

## Independent Auditors' Report on Supplementary Information

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

We have audited the financial statements of the American Podiatric Medical Association as of and for the year ended May 31, 2019, and our report thereon dated October 10, 2019, 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 25 - 44, 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  
October 10, 2019*

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**PROTECTING OUR PROFESSION**  
**(Formerly Government Education Fund)**  
**Year Ended May 31, 2019**  
**Unaudited**

<b>Revenue</b>		
Contributions		\$ <u>237,621</u>
<b>Expenses</b>		
Administrative Costs		140,053
Events		33,254
Meetings		8,608
Solicitations		9,692
Recognition		<u>14,491</u>
Total expenses		<u>206,098</u>
<b>Net increase</b>		31,523
<b>Net assets</b>		
Beginning of year		<u>-</u>
End of year		<u><u>\$ 31,523</u></u>

*See independent auditors' report on supplementary information.*

**AMERICAN PODIATRIC MEDICAL ASSOCIATION  
RECONCILIATION OF DECREASE IN NET ASSETS  
TO TOTAL OPERATING BUDGET DEFICIT  
For the Fiscal Year Ended May 31, 2019  
Unaudited**

<b>Operating Budget Deficit</b>		\$ (57,768)
<b>Items affecting financial statements:</b>		
Investment return	(66,222)	
Assets capitalized	170,251	
Depreciation expense	(347,119)	
Adjustments to other prepaid/accrued expenses	5,880	
Adjustment related to pension termination loan	196,111	
Transfers from Board designated reserves	(1,287,019)	
Protecting Our Profession (formerly Government Education Fund) activity	31,523	
		<u>(1,296,595)</u>
<b>Decrease in Net Assets</b>		<u>\$ (1,354,363)</u>

*See independent auditors' report on supplementary information.*

**AMERICAN PODIATRIC MEDICAL ASSOCIATION  
REVENUE AND SUPPORT BUDGET TO ACTUAL  
For the Fiscal Year Ended May 31, 2019**

**UNAUDITED**

	<b>Actual</b>		<b>Budget</b>		<b>Variance</b>	<b>%</b>
Membership dues	\$ 7,259,061		\$ 7,400,000		\$ (140,939)	-1.90%
Sponsorship income	1,392,228		1,585,800		(193,572)	-12.21%
Allocation of reserves	1,287,019		886,500		400,519	45.18%
Accreditation and approval	1,201,471		1,193,600		7,871	0.66%
Meeting registration	318,098		400,000		(81,902)	-20.48%
Subscriptions and sales	402,737		612,100		(209,363)	-34.20%
Exhibit revenue	601,138		660,000		(58,862)	-8.92%
Advertising	277,424		315,000		(37,576)	-11.93%
Service revenue	190,500		220,000		(29,500)	-13.41%
Seal programs	216,157		250,000		(33,843)	-13.54%
Royalties and affinity programs	127,437		158,000		(30,563)	-19.34%
Investment return	4,266		1,500		2,766	184.40%
Miscellaneous	62,792		-		62,792	
	<u>\$ 13,340,328</u>		<u>\$ 13,682,500</u>		<u>\$ (342,172)</u>	-2.50%
Membership dues	\$ 7,259,061	54%	\$ 7,400,000	54%		
Non-dues support	<u>6,081,267</u>	46%	<u>6,282,500</u>	46%		
	<u>\$ 13,340,328</u>		<u>\$ 13,682,500</u>			

*See independent auditors' report on supplementary information.*

**AMERICAN PODIATRIC MEDICAL ASSOCIATION**  
**EXPENSES BY STRATEGIC PRIORITY**  
**For the Fiscal Year Ended May 31, 2019**

**UNAUDITED**

	<b>Advocate</b>	<b>Educate</b>	<b>Research</b>	<b>Lead</b>	<b>Manage</b>	<b>Governance</b>	<b>CPME</b>	<b>Operations</b>	<b>Total</b>	<b>Budget</b>	<b>Variance</b>
Salaries and benefits	\$ 824,510	\$ 1,660,153	\$ 469,086	\$ 400,320	\$ 297,748	\$ 483,073	\$ 705,435	\$ 2,019,786	\$ 6,860,111	\$ 6,949,000	\$ (88,889)
Professional fees	71,726	147,350	8,143	-	500	174,206	15,841	231,153	648,919	627,700	21,219
Consulting services	232,150	155,080	760,934	9,083	3,400	57,324	1,784	197,679	1,417,434	942,100	475,334
Travel and transportation	71,508	310,750	6,311	33,919	9,573	296,624	325,754	17,299	1,071,738	1,327,300	(255,562)
Supplies	29,670	6,078	20	645	1,099	913	108	19,722	58,255	61,700	(3,445)
Telecommunications	2,790	22,867	116	-	1,858	14,159	1,028	136,291	179,109	250,100	(70,991)
Printing and production	49,845	212,449	184,737	27,030	4,364	8,244	75	26,494	513,238	511,100	2,138
Postage and shipping	1,285	16,823	185	113	-	-	-	91,599	110,005	163,000	(52,995)
Occupancy costs	-	-	-	-	-	-	-	121,388	121,388	122,000	(612)
Utilities	-	-	-	-	-	-	-	59,652	59,652	64,000	(4,348)
Equipment	-	-	-	-	-	-	-	154,336	154,336	133,000	21,336
Meeting expense	12,753	1,047,360	-	13,481	11,832	212,801	28,296	5,146	1,331,669	1,368,400	(36,731)
Grants and contributions	20,000	92,500	69,653	25,000	250	-	-	-	207,403	261,000	(53,597)
Taxes - other	-	-	-	-	-	-	-	63,508	63,508	76,400	(12,892)
Promotion	-	172,333	-	-	2,241	2,054	-	856	177,484	176,900	584
Subscriptions	32,539	30,931	10	3,000	189	-	930	3,268	70,867	147,400	(76,533)
Membership dues	17,222	2,296	275	-	-	15,885	5,547	9,633	50,858	44,700	6,158
Service fees	-	-	-	-	-	-	-	202,210	202,210	200,000	2,210
Insurance	-	4,732	-	-	-	-	-	50,891	55,623	79,800	(24,177)
Commissions	-	18,536	25,754	-	-	-	-	-	44,290	41,400	2,890
Miscellaneous	-	-	-	-	-	-	-	-	-	135,500	(135,500)
<b>Total</b>	<b>\$ 1,365,998</b>	<b>\$ 3,900,238</b>	<b>\$ 1,525,224</b>	<b>\$ 512,591</b>	<b>\$ 333,054</b>	<b>\$ 1,265,283</b>	<b>\$ 1,084,798</b>	<b>\$ 3,410,911</b>	<b>\$ 13,398,097</b>	<b>\$ 13,682,500</b>	<b>\$ (284,403)</b>
	<b>10.20%</b>	<b>29.11%</b>	<b>11.38%</b>	<b>3.83%</b>	<b>2.49%</b>	<b>9.44%</b>	<b>8.10%</b>	<b>25.45%</b>	<b>100%</b>		
<b>Budget</b>	<b>\$ 1,515,300</b>	<b>\$ 4,115,600</b>	<b>\$ 1,112,600</b>	<b>\$ 483,100</b>	<b>\$ 338,100</b>	<b>\$ 1,438,100</b>	<b>\$ 1,158,800</b>	<b>\$ 3,520,900</b>	<b>\$ 13,682,500</b>		
	11.07%	30.08%	8.13%	3.53%	2.47%	10.51%	8.47%	25.73%	100%		

*See independent auditors' report on supplementary information.*

**AMERICAN PODIATRIC MEDICAL ASSOCIATION  
INCOME AND EXPENSES  
BUDGET FY 18-19**

**UNAUDITED**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>INCOME</b>					
ANNUAL SCIENTIFIC MEETING - THE NATIONAL COUNCIL ON PODIATRIC MEDICAL EDUCATION DEVELOPMENT	\$ 1,915,597	\$ 1,680,538	\$ 1,905,000	\$ (224,462)	-11.78%
FINANCE	1,090,081	1,201,471	1,193,600	7,871	0.66%
HEALTH POLICY AND PRACTICE	717,318	590,722	705,800	(115,078)	-16.30%
LEGISLATIVE ADVOCACY	1,141,389	1,549,458	1,118,000	431,458	38.59%
MEMBERSHIP	370,639	396,522	495,000	(98,478)	-19.89%
SCIENTIFIC AFFAIRS	26,505	-	35,000	(35,000)	-100.00%
COMMUNICATIONS	7,318,357	7,383,378	7,550,600	(167,222)	-2.21%
TOTAL INCOME	\$ 13,128,210	\$ 13,340,328	\$ 13,682,500	\$ (342,172)	-2.50%
<b>EXPENSES</b>					
HOUSE OF DELEGATES	\$ 221,798	\$ 282,219	\$ 334,400	\$ (52,181)	-15.60%
ANNUAL SCIENTIFIC MEETING - THE NATIONAL BOARD OF TRUSTEES	1,188,560	1,255,899	1,310,800	(54,901)	-4.19%
EXECUTIVE OFFICE	514,926	488,690	535,300	(46,610)	-8.71%
COUNCIL ON PODIATRIC MEDICAL EDUCATION DEVELOPMENT	1,475,990	1,418,477	1,300,900	117,577	9.04%
FINANCE	1,005,030	1,084,798	1,171,800	(87,002)	-7.42%
HEALTH POLICY AND PRACTICE	616,730	519,360	612,000	(92,640)	-15.14%
LEGISLATIVE ADVOCACY	2,604,140	2,458,213	2,600,700	(142,487)	-5.48%
MEMBERSHIP	1,136,417	1,079,709	1,076,500	3,209	0.30%
YOUNG PHYSICIANS PROGRAM	579,400	614,081	680,200	(66,119)	-9.72%
SCIENTIFIC AFFAIRS	925,571	836,133	931,300	(95,167)	-10.22%
COMMUNICATIONS	82,538	209,889	126,400	83,489	66.05%
TOTAL EXPENSES	\$ 13,333,828	\$ 13,398,097	\$ 13,682,500	\$ (284,403)	-2.08%
NET OPERATING BUDGET	\$ (205,618)	\$ (57,769)	\$ -	\$ (57,769)	

**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 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>EXPENSES</b>					
<b>1. HOUSE OF DELEGATES</b>					
A. Operations	\$ 17,946	\$ 18,756	\$ 21,000	\$ (2,244)	
B. Meeting Expense - Direct	116,639	127,697	124,000	3,697	
C. Inaugural Reception	27,496	29,825	30,000	(175)	
D. Past Presidents Reception	1,320	1,238	1,500	(262)	
E. Staff expenses	27,423	17,471	34,600	(17,129)	<b>(1)</b>
F. Awards & Recognition	5,091	2,471	4,000	(1,529)	
G. Committees	18,785	16,056	14,100	1,956	
H. House Speaker expenses	5,770	5,990	6,700	(710)	
I. Dignitaries	1,328	2,386	2,500	(114)	
J. Directives	-	60,329	96,000	(35,671)	<b>(2)</b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 221,798</u></b>	<b><u>\$ 282,219</u></b>	<b><u>\$ 334,400</u></b>	<b>\$ (52,181)</b>	<b>-15.60%</b>

**(1)** Fewer staff attending HOD and hotel room block credit applied to final invoice.

**(2)** Fewer costs than projected and some costs absorbed in departmental budgets.

*See independent auditors' report on supplementary information.*



**ANNUAL SCIENTIFIC MEETING - THE NATIONAL  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>INCOME</b>					
<b>1. EDUCATIONAL PROGRAM</b>					
A. Registration fees	\$ 366,796	\$ 262,874	\$ 355,000	\$ (92,126)	(1)
B. Advertising	17,741	15,020	10,000	5,020	
C. Exhibitors	651,235	601,138	660,000	(58,862)	(1)
D. Corporate Sponsorship	879,825	801,506	880,000	(78,494)	(2)
<b>TOTAL INCOME</b>	<b>\$ 1,915,597</b>	<b>\$ 1,680,538</b>	<b>\$ 1,905,000</b>	<b>\$ (224,462)</b>	<b>-11.78%</b>
<b>EXPENSES</b>					
<b>1. EDUCATIONAL PROGRAM</b>					
A. Annual Meeting Committee	\$ 926	\$ 1,643	\$ 2,200	\$ (557)	
B. Operations	216,293	173,398	240,000	(66,602)	(3)
C. Meeting Expense - Direct	417,882	466,013	443,900	22,113	(4)
D. Speakers	152,358	160,550	162,300	(1,750)	
E. Staff expenses	43,988	42,755	38,800	3,955	
F. Exhibit Hall	310,327	406,782	418,600	(11,818)	(5)
G. APMA Reception	44,485	-	-	-	
H. Site Visits	2,301	4,758	5,000	(242)	
<b>TOTAL EXPENSES</b>	<b>\$ 1,188,560</b>	<b>\$ 1,255,899</b>	<b>\$ 1,310,800</b>	<b>\$ (54,901)</b>	<b>-4.19%</b>

- (1) Lower attendance than projected.
- (2) Fewer sponsors than projected.
- (3) Lower revenue share, graphic design, and mobile app costs than projected.
- (4) Higher A/V and internet costs than projected.
- (5) Lower APMA booth costs than projected.

See independent auditors' report on supplementary information.

**BOARD OF TRUSTEES  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>EXPENSES</b>					
<b>1. ADMINISTRATION</b>					
A. President's Honorarium	\$ 166,600	\$ 170,000	\$ 170,000	\$ -	
B. Communications allowance	14,200	13,800	13,800	-	
C. BOT Orientation Program	3,645	3,302	2,800	502	
D. Strategic Plan Initiatives	-	7,389	-	7,389	(1)
E. Professional Development	5,000	-	-	-	
F. Gifts	550	230	1,400	(1,170)	
	<b>189,995</b>	<b>194,721</b>	<b>188,000</b>	<b>6,721</b>	<b>3.58%</b>
<b>2. PRESIDENT'S TRAVEL</b>					
A. Regional Meetings	20,687	21,688	19,000	2,688	
B. Medical Liaison	8,690	5,945	17,900	(11,955)	(2)
C. Miscellaneous Travel	4,172	2,039	5,700	(3,661)	
	<b>33,549</b>	<b>29,672</b>	<b>42,600</b>	<b>(12,928)</b>	<b>-30.35%</b>
<b>3. MEMBERS' TRAVEL</b>					
A. Regional/State Meetings	21,631	14,374	17,000	(2,626)	
B. Liaisons	5,539	7,074	10,000	(2,926)	
C. Miscellaneous	2,110	-	2,500	(2,500)	
	<b>29,280</b>	<b>21,448</b>	<b>29,500</b>	<b>(8,052)</b>	<b>-27.29%</b>
<b>4. HOUSE OF DELEGATES</b>					
A. President's Dinner	33,224	28,644	30,000	(1,356)	
B. President's spouse luncheon	1,000	1,000	1,000	-	
C. Allocated costs	112,073	96,195	131,900	(35,705)	(3)
	<b>146,297</b>	<b>125,839</b>	<b>162,900</b>	<b>(37,061)</b>	<b>-22.75%</b>
<b>5. EDUCATIONAL PROGRAM</b>					
A. Allocated costs	57,010	59,947	58,200	1,747	
	<b>57,010</b>	<b>59,947</b>	<b>58,200</b>	<b>1,747</b>	<b>3.00%</b>
<b>6. COMMITTEES</b>					
A. Executive Committee	278	247	200	47	
B. Task Forces	1,268	5,167	100	5,067	
	<b>1,546</b>	<b>5,414</b>	<b>300</b>	<b>5,114</b>	<b>1704.67%</b>
<b>7. MEETINGS</b>					
A. Fall	31,971	27,368	27,200	168	
B. Winter	25,278	24,281	26,600	(2,319)	
	<b>57,249</b>	<b>51,649</b>	<b>53,800</b>	<b>(2,151)</b>	<b>-4.00%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 514,926</b>	<b>\$ 488,690</b>	<b>\$ 535,300</b>	<b>\$ (46,610)</b>	<b>-8.71%</b>

- (1) The Board had an interim strategic plan review meeting.  
(2) Fewer meetings than allocated.  
(3) Fewer days due to cancellation of the Legislative Conference.

See independent auditors' report on supplementary information.

**EXECUTIVE OFFICE  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>EXPENSES</b>					
<b>1. ADMINISTRATION</b>					
A. Staff expenses	\$ 1,403,229	\$ 1,356,858	\$ 1,238,500	\$ 118,358	(1)
B. Departmental Operations	12,882	10,439	12,500	(2,061)	
	<b>\$ 1,416,111</b>	<b>\$ 1,367,297</b>	<b>\$ 1,251,000</b>	<b>\$ 116,297</b>	<b>9.30%</b>
<b>2. EXECUTIVE DIRECTOR'S TRAVEL</b>					
A. Regional Meetings	14,636	13,127	12,900	227	
B. Medical Liaison	12,837	6,555	10,000	(3,445)	
C. State Leaders Update Functions	14,180	13,418	10,000	3,418	
D. Miscellaneous	2,392	2,195	1,500	695	
	<b>44,045</b>	<b>35,295</b>	<b>34,400</b>	<b>895</b>	<b>2.60%</b>
<b>3. INTERNATIONAL RELATIONS</b>					
A. FIP organizational membership	15,834	15,885	15,500	385	
	<b>15,834</b>	<b>15,885</b>	<b>15,500</b>	<b>385</b>	<b>2.48%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,475,990</b>	<b>\$ 1,418,477</b>	<b>\$ 1,300,900</b>	<b>\$ 117,577</b>	<b>9.04%</b>

(1) The budget had the proposed reduction in overall staff expenses in the Executive Department budget. The actual results were reflected throughout the various department staff expense lines.

See independent auditors' report on supplementary information.

**COUNCIL ON PODIATRIC MEDICAL EDUCATION  
INCOME AND EXPENSES  
BUDGET FY 18-19**

**UNAUDITED**

	<u>ACTUAL FY 17-18</u>	<u>ACTUAL FY 18-19</u>	<u>BUDGET FY 18-19</u>	<u>VARIANCE</u>	<u>%</u>
<b>INCOME</b>					
1. RESIDENCY VERIFICATION	\$ 10,200	\$ 10,400	\$ 8,000	\$ 2,400	30.00%
2. COLLEGE ACCREDITATION	47,041	62,500	60,000	2,500	4.17%
3. RESIDENCY APPROVAL	789,595	842,221	903,200	(60,979)	-6.75% (1)
4. CONTINUING EDUCATION APPROVAL	127,000	131,000	130,000	1,000	0.77%
5. CERTIFYING BOARD RECOGNITION	31,908	33,458	30,000	3,458	11.53%
6. APPEALS	-	-	2,400	(2,400)	-100.00%
7. JRRRC/CREC ADMIN. COST REIMB.	84,337	121,892	60,000	61,892	103.15% (2)
<b>TOTAL INCOME</b>	<b><u>\$ 1,090,081</u></b>	<b><u>\$ 1,201,471</u></b>	<b><u>\$ 1,193,600</u></b>	<b>\$ 7,871</b>	<b>0.66%</b>
<b>EXPENSES</b>					
1. ADMINISTRATION	\$ 770,114	\$ 722,286	\$ 780,500	\$ (58,214)	-7.46% (3)
2. COMMITTEES	50,810	104,932	108,300	(3,368)	-3.11%
3. MEETINGS	47,885	78,966	70,000	8,966	12.81% (4)
4. COLLEGE EVALUATIONS	-	13,345	15,000	(1,655)	-11.03%
5. RESIDENCY EVALUATIONS	120,036	152,397	170,000	(17,603)	-10.35% (5)
6. CONTINUING EDUCATION EVALUATIONS	-	-	3,000	(3,000)	-100.00%
7. TRAINING & ORIENTATION WORKSHOPS	16,185	12,872	25,000	(12,128)	-48.51% (6)
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,005,030</u></b>	<b><u>\$ 1,084,798</u></b>	<b><u>\$ 1,171,800</u></b>	<b>\$ (87,002)</b>	<b>-7.42%</b>

- (1) Fewer institutions and no residency applications.
- (2) CREC administrative cost reimbursement commenced and had not been budgeted.
- (3) Changes in staffing and lower benefit costs.
- (4) Higher costs than projected.
- (5) Timing of some activity moved into the next fiscal year.
- (6) Less cost than projected.

See independent auditors' report on supplementary information.

**DEVELOPMENT  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>INCOME</b>					
1. CORPORATE MEMBERS - UNRESTRICTED	\$ 28,958	\$ 14,792	\$ 25,000	\$ (10,208)	(1)
2. TRANSFER FROM EDUCATION FOUNDATION	3,770	5,460	5,800	(340)	
3. CORPORATE SPONSORSHIPS	684,590	570,470	675,000	(104,530)	(2)
<b>TOTAL INCOME</b>	<b><u>\$ 717,318</u></b>	<b><u>\$ 590,722</u></b>	<b><u>\$ 705,800</u></b>	<b>\$ (115,078)</b>	<b>-16.30%</b>
<b>EXPENSES</b>					
1. ADMINISTRATION					
A. Staff expenses	\$ 512,364	\$ 444,591	\$ 520,000	\$ (75,409)	(3)
B. Departmental operations	11,954	2,003	13,000	(10,997)	(4)
	<b>\$ 524,318</b>	<b>\$ 446,594</b>	<b>\$ 533,000</b>	<b>\$ (86,406)</b>	<b>-16.21%</b>
2. CORPORATE CULTIVATION					
A. Regional and Medical Liaison meetings	14,521	5,500	18,000	(12,500)	
B. Corporate meetings	17,115	1,300	7,000	(5,700)	
	<b>31,636</b>	<b>6,800</b>	<b>25,000</b>	<b>(18,200)</b>	<b>-72.80% (5)</b>
3. MARKETING					
A. Corporate Members	21,197	30,581	23,000	7,581	
B. Brochures and distribution	201	-	1,000	(1,000)	
	<b>21,398</b>	<b>30,581</b>	<b>24,000</b>	<b>6,581</b>	<b>27.42%</b>
4. CORPORATE RECOGNITION PROGRAMS					
A. Educational Program event	36,554	28,605	25,000	3,605	
B. Awards	2,824	6,780	5,000	1,780	
	<b>39,378</b>	<b>35,385</b>	<b>30,000</b>	<b>5,385</b>	<b>17.95%</b>
<b>TOTAL EXPENSES</b>	<b><u>\$ 616,730</u></b>	<b><u>\$ 519,360</u></b>	<b><u>\$ 612,000</u></b>	<b>\$ (92,640)</b>	<b>-15.14%</b>

- (1) Fewer corporate members than projected.
- (2) Fewer sponsored programs than projected.
- (3) Changes in staffing and benefits costs.
- (4) Changes in staff travel.
- (5) Fewer in-person meetings than projected.

See independent auditors' report on supplementary information.

**FINANCE**  
**INCOME AND EXPENSES**  
**BUDGET FY 18-19**

			UNAUDITED			
	ACTUAL		ACTUAL	BUDGET	VARIANCE	%
	FY 17-18		FY 18-19	FY 18-19		
<b>INCOME</b>						
<b>1. ADMINISTRATIVE OPERATIONS</b>						
A. Operating account	\$ 1,335		\$ 4,266	\$ 1,500	\$ 2,766	
B. Miscellaneous Income	50,000		62,792	-	62,792	(1)
C. Management Fees (ASPS/PAC/Foundation)	184,672		185,000	185,000	-	
D. Allocation of Strategic Reserves	544,767		971,400	586,500	384,900	(2)
E. Allocation of Research Endowment	307,691		260,619	290,000	(29,381)	(3)
F. Allocation of Legal & Legislative Reserve	8,000		55,000	10,000	45,000	(4)
	<b>\$ 1,096,465</b>		<b>\$ 1,539,077</b>	<b>\$ 1,073,000</b>	<b>\$ 466,077</b>	<b>43.44%</b>
<b>2. COMPUTER OPERATIONS</b>						
A. Data files and label sales	44,924		10,381	45,000	(34,619)	(5)
	<b>44,924</b>		<b>10,381</b>	<b>45,000</b>	<b>(34,619)</b>	<b>-76.93%</b>
<b>TOTAL INCOME</b>	<b>\$ 1,141,389</b>		<b>\$ 1,549,458</b>	<b>\$ 1,118,000</b>	<b>\$ 431,458</b>	<b>38.59%</b>
<b>EXPENSES</b>						
<b>ADMINISTRATIVE OPERATIONS</b>						
<b>1. ADMINISTRATION</b>						
A. Staff expense	\$ 1,221,911		\$ 1,087,897	\$ 1,188,100	\$ (100,203)	(6)
B. Departmental operations	10,195		11,833	8,000	3,833	
	<b>\$ 1,232,106</b>		<b>\$ 1,099,730</b>	<b>\$ 1,196,100</b>	<b>\$ (96,370)</b>	<b>-8.06%</b>
<b>2. FINANCE COMMITTEE</b>	95		38	200	(162)	
	<b>95</b>		<b>38</b>	<b>200</b>	<b>(162)</b>	<b>-81.00%</b>
<b>3. GENERAL OPERATIONS</b>						
A. Supplies	18,360		14,938	20,000	(5,062)	
B. Telephone	64,144		43,674	62,000	(18,326)	(7)
C. Equipment purchases	2,835		-	4,000	(4,000)	
D. Printing	3,486		5,242	5,000	242	
E. Professional Fees/Consultants	231,277		288,285	232,300	55,985	(8)
F. Insurance	67,694		50,891	75,000	(24,109)	(9)
G. Taxes	71,347		69,174	76,400	(7,226)	
H. Internal Management Activities	22,684		12,721	14,000	(1,279)	
I. Employment searches	3,358		17,532	4,000	13,532	(10)
J. Service fees	200,921		202,210	200,000	2,210	
K. Grants	88,770		40,460	31,800	8,660	
	<b>774,876</b>		<b>745,127</b>	<b>724,500</b>	<b>20,627</b>	<b>2.85%</b>
<b>4. PHYSICAL PLANT</b>						
A. Maintenance services	45,425		57,269	49,000	8,269	
B. Utilities	60,239		58,702	64,000	(5,298)	
C. Building services	71,218		75,534	69,000	6,534	
	<b>176,882</b>		<b>191,505</b>	<b>182,000</b>	<b>9,505</b>	<b>5.22%</b>

(Continued)

**FINANCE**  
**INCOME AND EXPENSES**  
**BUDGET FY 18-19**

	<b>ACTUAL</b>	<b>ACTUAL</b>	<b>UNAUDITED</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>%</b>
	<b>FY 17-18</b>	<b>FY 18-19</b>		<b>FY 18-19</b>		
<b>5. MAIL &amp; PRODUCTION</b>						
A. Paper/Supplies	6,620	4,869		8,500	(3,631)	
B. Photocopying	22,695	22,272		22,000	272	
C. Postage/Courier	41,124	27,710		45,000	(17,290)	(11)
D. Equipment purchase, lease, and maintenance	22,357	22,807		22,000	807	
E. In-House printing (billings)	(5,420)	(7,932)		(7,500)	(432)	
	<b>87,376</b>		<b>69,726</b>	<b>90,000</b>	<b>(20,274)</b>	<b>-22.53%</b>
<b>COMPUTER OPERATIONS</b>						
<b>6. SYSTEMS OPERATIONS</b>						
A. Hardware purchases/upgrades	8,546	7,245		5,600	1,645	
B. Software purchases/upgrades	9,458	25,874		44,700	(18,826)	(11)
C. Maintenance agreements	55,119	56,678		59,700	(3,022)	
D. Support/Consultants	70,491	67,149		73,500	(6,351)	
E. Cloud Hosting	114,064	114,330		111,600	2,730	
F. Supplies	8,802	6,799		20,000	(13,201)	(11)
G. Training programs	-	-		2,000	(2,000)	
	<b>266,480</b>		<b>278,075</b>	<b>317,100</b>	<b>(39,025)</b>	<b>-12.31%</b>
<b>INTERNET PRESENCE</b>						
<b>7. INTERNET HOSTING</b>						
A. Website hosting (Results Direct)	24,000	24,000		24,000	-	
B. Web video hosting	360	330		400	(70)	
C. Fees (domain internet address)	175	451		200	251	
D. Listserve hosting	1,125	1,125		1,200	(75)	
E. Consultants	40,645	48,106		65,000	(16,894)	(11)
F. Hardware/Software upgrades/maintenance	20	-		-	-	
	<b>66,325</b>		<b>74,012</b>	<b>90,800</b>	<b>(16,788)</b>	<b>-18.49%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 2,604,140</b>	<b>\$ 2,458,213</b>		<b>\$ 2,600,700</b>	<b>\$ (142,487)</b>	<b>-5.48%</b>

- (1) Refund of cancellation fee for prior Annual Scientific Meeting venue change.
- (2) Increased allocation for APMA MIPS app and other data registry activity.
- (3) No research grant activity.
- (4) Increased allocation for Federal Trade Commission activity through the Center for Professional Advocacy (CPA).
- (5) Decrease in activity from vendors.
- (6) Changes in staffing and benefits costs.
- (7) Reduced number of T1 lines.
- (8) Increased legal fees for non-retainer matters.
- (9) Reduced workers' compensation insurance costs and a prior period refund.
- (10) Activity included a director position for which a search firm was engaged.
- (11) Less activity than projected.

See independent auditors' report on supplementary information.

**HEALTH POLICY AND PRACTICE  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	ACTUAL FY 17-18	ACTUAL FY 18-19	UNAUDITED BUDGET FY 18-19	VARIANCE	%
<b>INCOME</b>					
1. CODING RESOURCE CENTER	\$ 362,775	\$ 341,298	\$ 450,000	\$ (108,702)	(1)
2. CODING WORKSHOPS	7,864	55,224	45,000	10,224	(2)
<b>TOTAL INCOME</b>	<b>\$ 370,639</b>	<b>\$ 396,522</b>	<b>\$ 495,000</b>	<b>\$ (98,478)</b>	<b>-19.89%</b>
<b>EXPENSES</b>					
1. ADMINISTRATION					
A. Staff expenses	\$ 563,852	\$ 574,110	\$ 551,400	\$ 22,710	(3)
B. Departmental operations	5,061	5,951	6,000	(49)	
	<b>\$ 568,913</b>	<b>\$ 580,061</b>	<b>\$ 557,400</b>	<b>\$ 22,661</b>	<b>4.07%</b>
2. HEALTH POLICY					
A. Health Policy & Practice Committee	25,230	19,351	28,000	(8,649)	
B. RUC representation	21,724	28,455	30,000	(1,545)	
C. DME representation	-	926	2,300	(1,374)	
D. MGMA Update Survey	-	-	800	(800)	
E. Medicare Advisory Body	61	-	400	(400)	
F. Consultants	110,100	120,000	120,000	-	
G. CMS Initiatives	9,173	7,991	7,200	791	
H. MACRA	1,422	828	4,000	(3,172)	
I. BMAD Data	6,500	6,500	6,500	-	
	<b>174,210</b>	<b>184,051</b>	<b>199,200</b>	<b>(15,149)</b>	<b>-7.60%</b>
3. CAC					
A. National CAC/PIAC meeting	57,579	21,580	25,000	(3,420)	
B. Communications	1,000	-	-	-	
	<b>58,579</b>	<b>21,580</b>	<b>25,000</b>	<b>(3,420)</b>	<b>-13.68%</b>
4. CODING					
A. Coding Committee	19,897	16,519	18,000	(1,481)	
B. CPT representation	21,106	10,973	15,500	(4,527)	
C. Coding Resource Center	166,433	89,479	108,200	(18,721)	(4)
D. Coding education	26,128	33,466	45,000	(11,534)	(2)
	<b>233,564</b>	<b>150,437</b>	<b>186,700</b>	<b>(36,263)</b>	<b>-19.42%</b>
5. PRIVATE HEALTHCARE INSURANCE INITIATIVES					
A. Consultants	67,200	67,200	67,200	-	
B. Representation	5,630	936	5,000	(4,064)	
C. Private Insurance education	2,367	-	5,700	(5,700)	
	<b>75,197</b>	<b>68,136</b>	<b>77,900</b>	<b>(9,764)</b>	<b>-12.53%</b>
6. CENTER FOR PROFESSIONAL ADVOCACY (CPA)					
A. CPA Advisory Group	526	1,114	1,000	114	
B. Legal & Legislative Initiatives	12,601	57,251	12,300	44,951	(5)
C. Representation	4,546	-	-	-	
D. Data tracking	6,900	6,664	7,000	(336)	
E. Advocacy Resources	1,381	10,415	10,000	415	
	<b>25,954</b>	<b>75,444</b>	<b>30,300</b>	<b>45,144</b>	<b>148.99%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,136,417</b>	<b>\$ 1,079,709</b>	<b>\$ 1,076,500</b>	<b>\$ 3,209</b>	<b>0.30%</b>

- (1) Fewer sales than projected.
- (2) Successful Coding Seminar in Boston.
- (3) Changes in staffing and benefits costs.
- (4) Fewer consultant and AMA royalty costs than projected.
- (5) Federal Trade Commission strategy activity.

See independent auditors' report on supplementary information.



**LEGISLATIVE ADVOCACY  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>INCOME</b>					
1. REIMB. FROM APMAPAC/GEF - LEGISLATIVE CONF.	\$ 26,505	\$ -	\$ 35,000	\$ (35,000)	(1)
<b>TOTAL INCOME</b>	<b>\$ 26,505</b>	<b>\$ -</b>	<b>\$ 35,000</b>	<b>\$ (35,000)</b>	<b>-100.00%</b>
<b>EXPENSES</b>					
1. ADMINISTRATION					
A. Staff expenses	\$ 259,932	\$ 333,506	\$ 317,500	\$ 16,006	(2)
B. Departmental operations	31,003	33,347	35,000	(1,653)	
C. APMAPAC/GEF activities	25,981	30,550	26,500	4,050	
	<b>\$ 316,916</b>	<b>\$ 397,403</b>	<b>\$ 379,000</b>	<b>\$ 18,403</b>	<b>4.86%</b>
2. LEGISLATIVE ACTIVITIES					
A. Legislative Committee	10,818	1,388	5,200	(3,812)	
B. Consultant	132,818	156,257	150,000	6,257	
C. Coalition efforts	2,300	2,300	5,000	(2,700)	
D. On-line services	51,360	56,733	61,000	(4,267)	
	<b>197,296</b>	<b>216,678</b>	<b>221,200</b>	<b>(4,522)</b>	<b>-2.04%</b>
3. LEGISLATIVE CONFERENCE					
A. Meeting	65,188	-	80,000	(80,000)	(1)
	<b>65,188</b>	<b>-</b>	<b>80,000</b>	<b>(80,000)</b>	<b>-100.00%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 579,400</b>	<b>\$ 614,081</b>	<b>\$ 680,200</b>	<b>\$ (66,119)</b>	<b>-9.72%</b>

(1) The conference was eliminated for this past fiscal year due to the timing of Congress not being in session.

(2) Changes in staffing and benefits costs.

See independent auditors' report on supplementary information.

**MEMBERSHIP  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>INCOME</b>					
<b>1. MEMBERSHIP SERVICES</b>					
A. Dues	\$ 7,192,327	\$ 7,259,061	\$ 7,400,000	\$ (140,939)	(1)
B. Verification Services	255	195	400	(205)	
C. Member Directory/Certificates	55	35	200	(165)	
D. Affinity Programs	25,720	24,087	50,000	(25,913)	(2)
E. Royalties	100,000	100,000	100,000	-	
	<u>                    </u>	<u>                    </u>	<u>                    </u>		
<b>TOTAL INCOME</b>	<b><u><u>\$ 7,318,357</u></u></b>	<b><u><u>\$ 7,383,378</u></u></b>	<b><u><u>\$ 7,550,600</u></u></b>	<b>\$ (167,222)</b>	<b>-2.21%</b>
<b>EXPENSES</b>					
<b>1. ADMINISTRATION</b>					
A. Staff expenses	\$ 880,490	\$ 801,799	\$ 875,000	\$ (73,201)	(3)
B. Departmental operations	1,371	1,567	2,000	(433)	
	<u>                    </u>	<u>                    </u>	<u>                    </u>		
	<b>\$ 881,861</b>	<b>\$ 803,366</b>	<b>\$ 877,000</b>	<b>\$ (73,634)</b>	<b>-8.40%</b>
<b>2. COMMITTEES</b>					
A. Membership Committee	52	274	500	(226)	
B. Physicians' Recovery Network	1,482	1,552	2,200	(648)	
	<u>                    </u>	<u>                    </u>	<u>                    </u>		
	<b>1,534</b>	<b>1,826</b>	<b>2,700</b>	<b>(874)</b>	<b>-32.37%</b>
<b>3. MEMBERSHIP SERVICES</b>					
A. Recognition/awards/certificates	1,462	2,241	3,900	(1,659)	
B. Member mailings	6,108	2,758	6,600	(3,842)	
C. State Licensure Data Collection	266	368	1,000	(632)	
	<u>                    </u>	<u>                    </u>	<u>                    </u>		
	<b>7,836</b>	<b>5,367</b>	<b>11,500</b>	<b>(6,133)</b>	<b>-53.33%</b>
<b>4. MEMBER RECRUITMENT</b>					
A. Marketing	6,230	4,715	8,000	(3,285)	
B. Database Upgrade for State Online Donations	-	-	3,500	(3,500)	
C. Podiatric College Visitations - Spring	26,576	19,973	24,000	(4,027)	
D. Podiatric College Visitations - Fall	1,534	886	4,600	(3,714)	
	<u>                    </u>	<u>                    </u>	<u>                    </u>		
	<b>34,340</b>	<b>25,574</b>	<b>40,100</b>	<b>(14,526)</b>	<b>-36.22%</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>		
<b>TOTAL EXPENSES</b>	<b><u><u>\$ 925,571</u></u></b>	<b><u><u>\$ 836,133</u></u></b>	<b><u><u>\$ 931,300</u></u></b>	<b>\$ (95,167)</b>	<b>-10.22%</b>

(1) Continued decline in full active members. Prior year included a recruitment campaign with reduced dues.

(2) Less activity than projected.

(3) Changes in staffing and benefits costs.

See independent auditors' report on supplementary information.

**YOUNG PHYSICIANS PROGRAM  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>EXPENSES</b>					
<b>1. ADMINISTRATION</b>					
A. Staff expenses	\$ -	\$ 96,700	\$ -	\$ 96,700	(1)
B. Departmental operations	884	1,127	2,000	(873)	
	<b>\$ 884</b>	<b>\$ 97,827</b>	<b>\$ 2,000</b>	<b>\$ 95,827</b>	<b>4791.35%</b>
<b>2. LEADERSHIP</b>					
A. Young Physician Institute	54,903	46,149	63,150	(17,001)	(2)
B. Young Physician Planning Group	1,812	3,893	2,350	1,543	
C. Events for Young Physicians	4,447	6,091	5,000	1,091	
D. Representation (COIH)	4,996	2,246	2,900	(654)	
E. Liaison Conference Calls	33	72	300	(228)	
	<b>66,191</b>	<b>58,451</b>	<b>73,700</b>	<b>(15,249)</b>	<b>-20.69%</b>
<b>3. RESOURCES</b>					
A. Residency Education Resource Center (REdRC)	1,328	17,970	5,200	12,770	(3)
B. Resource development	13,000	35,641	45,500	(9,859)	(4)
	<b>14,328</b>	<b>53,611</b>	<b>50,700</b>	<b>2,911</b>	<b>5.74%</b>
<b>4. EDUCATION</b>					
A. Practice Management Seminar	1,135	-	-	-	
	<b>1,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL EXPENSES</b>	<b>\$ 82,538</b>	<b>\$ 209,889</b>	<b>\$ 126,400</b>	<b>\$ 83,489</b>	<b>66.05%</b>

- (1) Changes in staffing and benefits costs.
- (2) Reduced program costs.
- (3) Development costs for additional presentations.
- (4) Reduced costs offset increased REdRC costs.

See independent auditors' report on supplementary information.

**SCIENTIFIC AFFAIRS  
INCOME AND EXPENSES  
BUDGET FY 18-19**

	<b>ACTUAL FY 17-18</b>	<b>ACTUAL FY 18-19</b>	<b>UNAUDITED BUDGET FY 18-19</b>	<b>VARIANCE</b>	<b>%</b>
<b>INCOME</b>					
<b>1. PROGRAM FEES</b>					
A. Seal of Acceptance	\$ 172,040	\$ 160,657	\$ 195,000	\$ (34,343)	(1)
B. Seal of Approval	31,250	55,500	55,000	500	
C. Joint Provider Fees	-	5,500	-	5,500	(2)
D. Registry MMS App	499	998	50,000	(49,002)	(3)
<b>TOTAL INCOME</b>	<b>\$ 203,789</b>	<b>\$ 222,655</b>	<b>\$ 300,000</b>	<b>\$ (77,345)</b>	<b>-25.78%</b>
<b>EXPENSES</b>					
<b>1. ADMINISTRATION</b>					
A. Staff expenses	\$ 482,170	\$ 532,140	\$ 520,800	\$ 11,340	(4)
B. Departmental operations	8,095	6,490	7,200	(710)	
	<b>\$ 490,265</b>	<b>\$ 538,630</b>	<b>\$ 528,000</b>	<b>\$ 10,630</b>	<b>2.01%</b>
<b>2. SEAL AND RECOGNITION PROGRAMS</b>					
A. Podiatric Seals Committee	9	8	200	(192)	
B. Representation	876	907	1,800	(893)	
C. Mailings	3,014	5,174	3,500	1,674	
D. Marketing	306	92	5,500	(5,408)	
	<b>4,205</b>	<b>6,181</b>	<b>11,000</b>	<b>(4,819)</b>	<b>-43.81%</b>
<b>3. PUBLIC HEALTH</b>					
A. Committee	94	958	3,500	(2,542)	
B. Marketing	1,885	3,077	3,400	(323)	
	<b>1,979</b>	<b>4,035</b>	<b>6,900</b>	<b>(2,865)</b>	<b>-41.52%</b>
<b>4. CLINICAL PRACTICE &amp; RESEARCH</b>					
A. CPAC meetings	26	89	600	(511)	
B. Representation	12,937	15,601	11,600	4,001	
C. Vision 21st Century	3,375	2,332	5,000	(2,668)	
D. Statistics	-	8,003	10,000	(1,997)	
E. Research Promotion	8,174	9,150	8,500	650	
F. Regional Lecture Series	207,424	129,772	182,600	(52,828)	(1)
G. Data Registry	393,051	684,377	300,000	384,377	(5)
H. Research Grants	111,166	110,735	140,000	(29,265)	(6)
	<b>736,153</b>	<b>960,059</b>	<b>658,300</b>	<b>301,759</b>	<b>45.84%</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,232,602</b>	<b>\$ 1,508,905</b>	<b>\$ 1,204,200</b>	<b>\$ 304,705</b>	<b>25.30%</b>

- (1) Less activity than projected.
- (2) New activity related to continuing education programs.
- (3) Change in program from fee-based to a member benefit.
- (4) Changes in staffing and benefits costs.
- (5) More activity than projected including the APMA MIPS app and other data registry work.
- (6) No research grant activity.

See independent auditors' report on supplementary information.

**COMMUNICATIONS  
INCOME AND EXPENSES  
BUDGET FY 18-19**

			UNAUDITED			
	ACTUAL FY 17-18		ACTUAL FY 18-19	BUDGET FY 18-19	VARIANCE	%
<b>INCOME</b>						
1. <b>APMA NEWS</b>						
A. Subscriptions	\$ 770		\$ 697	\$ 1,000	\$ (303)	
B. Commercial advertisements	158,297		131,007	160,000	(28,993)	
C. Classified advertisements	28,349		33,539	55,000	(21,461)	
	<u>\$ 187,416</u>		<u>\$ 165,243</u>	<u>\$ 216,000</u>	<u>\$ (50,757)</u>	<u>-23.50% (1)</u>
2. <b>JAPMA</b>						
A. Subscriptions	50,576		49,118	60,000	(10,882)	
B. Commercial advertisements	100,367		97,858	90,000	7,858	
C. Reprints	492		15	500	(485)	
D. Online Database Royalties	5,654		3,350	8,000	(4,650)	
	<u>157,089</u>		<u>150,341</u>	<u>158,500</u>	<u>(8,159)</u>	<u>-5.15%</u>
3. <b>BROCHURES</b>						
A. Sales	30		-	5,000	(5,000)	
	<u>30</u>		<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-100.00%</u>
<b>TOTAL INCOME</b>	<u><u>\$ 344,535</u></u>		<u><u>\$ 315,584</u></u>	<u><u>\$ 379,500</u></u>	<u><u>\$ (63,916)</u></u>	<u><u>-16.84%</u></u>
<b>EXPENSES</b>						
1. <b>ADMINISTRATION</b>						
A. Staff expenses	\$ 952,983		\$ 928,736	\$ 983,200	\$ (54,464)	(2)
B. Departmental operations	9,682		7,390	8,000	(610)	
	<u>\$ 962,665</u>		<u>\$ 936,126</u>	<u>\$ 991,200</u>	<u>\$ (55,074)</u>	<u>-5.56%</u>
2. <b>COMMITTEE</b>						
A. Communications Committee	21,658		17,803	21,500	(3,697)	
	<u>21,658</u>		<u>17,803</u>	<u>21,500</u>	<u>(3,697)</u>	<u>-17.20%</u>
3. <b>APMA NEWS</b>						
A. Printing and distribution (incl. digital)	162,067		154,512	184,600	(30,088)	(3)
B. Design services	685		600	2,000	(1,400)	
C. Proofreading	3,120		150	-	150	
D. Commissions	30,435		26,676	27,000	(324)	
	<u>196,307</u>		<u>181,938</u>	<u>213,600</u>	<u>(31,662)</u>	<u>-14.82%</u>
4. <b>JAPMA</b>						
A. Printing and distribution	165,607		164,454	172,000	(7,546)	
B. Online production (includes mobile site)	27,147		28,661	29,000	(339)	
C. Redactor services	12,258		28,933	30,000	(1,067)	
D. Software	6,525		6,997	4,100	2,897	
E. Commissions	20,111		17,614	14,400	3,214	
	<u>231,648</u>		<u>246,659</u>	<u>249,500</u>	<u>(2,841)</u>	<u>-1.14%</u>
5. <b>BROCHURES</b>						
A. Printing/Shipping	936		-	5,000	(5,000)	
	<u>936</u>		<u>-</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-100.00%</u>

(Continued)

**COMMUNICATIONS  
INCOME AND EXPENSES  
BUDGET FY 18-19**

			UNAUDITED				
	ACTUAL FY 17-18		ACTUAL FY 18-19	BUDGET FY 18-19	VARIANCE	%	
<b>6. DIGITAL PUBLICATIONS</b>							
A. Production	26,875		25,060	25,500	(440)		
		<b>26,875</b>		<b>25,060</b>	<b>25,500</b>	<b>(440)</b>	<b>-1.73%</b>
<b>7. OTHER ACTIVITIES</b>							
A. Communications Survey	39,341		50,042	65,000	(14,958)	(4)	
		<b>39,341</b>		<b>50,042</b>	<b>(14,958)</b>	<b>-23.01%</b>	
<b>8. PUBLIC RELATIONS FUNCTIONS</b>							
A. Media Opportunities	5,750		902	6,200	(5,298)		
B. Social Media/Multimedia Applications	54,301		13,288	25,000	(11,712)	(5)	
C. Graphics/Photos	737		3,000	3,000	-		
D. Video production	4,000		-	4,000	(4,000)		
E. Marketing for Individual DPM's	1,500		1,500	2,500	(1,000)		
F. Media clipping service	15,037		15,037	15,000	37		
		<b>81,325</b>		<b>33,727</b>	<b>55,700</b>	<b>(21,973)</b>	<b>-39.45%</b>
<b>9. FALL CAMPAIGN</b>							
A. Campaign development	48,603		25,000	25,000	-		
B. Video production	10,000		12,000	12,000	-		
C. News Releases	-		2,901	3,000	(99)		
D. Material distribution	173		5,000	5,000	-		
		<b>58,776</b>		<b>44,901</b>	<b>45,000</b>	<b>(99)</b>	<b>-0.22%</b>
<b>10. SPRING CAMPAIGN</b>							
A. Campaign development	39,965		19,550	20,000	(450)		
B. Video production	-		7,750	10,000	(2,250)		
C. News Releases	1,725		660	3,000	(2,340)		
D. Survey	20,000		17,250	10,000	7,250		
E. Material distribution	4,825		1,727	5,000	(3,273)		
		<b>66,515</b>		<b>46,937</b>	<b>48,000</b>	<b>(1,063)</b>	<b>-2.21%</b>
<b>11. CAPABILITIES CAMPAIGN</b>							
A. Materials development	14,080		23,156	30,000	(6,844)		
B. Advertising	-		35,375	28,000	7,375		
C. Consultants	50,000		-	20,000	(20,000)		
		<b>64,080</b>		<b>58,531</b>	<b>78,000</b>	<b>(19,469)</b>	<b>-24.96% (6)</b>
<b>TOTAL EXPENSES</b>		<b>\$ 1,750,126</b>		<b>\$ 1,641,724</b>	<b>\$ 1,798,000</b>	<b>\$ (156,276)</b>	<b>-8.69%</b>

- (1) Less interest in print advertisements than projected..
- (2) Changes in staffing and benefits costs.
- (3) Lower production costs than projected.
- (4) Fewer costs than projected.
- (5) Reduced activity.
- (6) Increased strategy to utilize social media advertising.

See independent auditors' report on supplementary information.