

CONSOLIDATED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017**

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board and the Board of Trustees
American Association for the Study of Liver Diseases
American Association for the Study of Liver Diseases Foundation
Alexandria, Virginia

We have audited the accompanying consolidated financial statements of the American Association for the Study of Liver Diseases (the Association) and the American Association for the Study of Liver Diseases Foundation (the AASLD Foundation), collectively, the Organizations, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2018, and the consolidated change in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organizations' 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on pages 22 - 23, Consolidating Schedule of Activities on page 24 and Consolidating Schedule of Change in Net Assets on page 25, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



September 26, 2018

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,051,743	\$ 3,188,816
Investments	41,308,268	47,253,602
Contributions receivable, current portion	2,081,875	1,331,500
Accounts receivable	710,624	576,282
Prepaid expenses	<u>492,670</u>	<u>375,844</u>
Total current assets	<u>47,645,180</u>	<u>52,726,044</u>
FIXED ASSETS		
Office condominium	8,451,189	8,192,734
Furniture and equipment	<u>1,096,203</u>	<u>820,559</u>
	9,547,392	9,013,293
Less: Accumulated depreciation and amortization	<u>(3,165,754)</u>	<u>(2,896,635)</u>
Net fixed assets	<u>6,381,638</u>	<u>6,116,658</u>
OTHER ASSETS		
Contributions receivable, net of current portion	1,336,195	1,469,451
Deposits	<u>46,534</u>	<u>54,709</u>
Total other assets	<u>1,382,729</u>	<u>1,524,160</u>
TOTAL ASSETS	<u>\$ 55,409,547</u>	<u>\$ 60,366,862</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Current portion of notes payable	\$ -	\$ 480,696
Accounts payable and accrued expenses	1,185,932	971,271
Deferred revenue:		
Membership dues	912,964	979,654
Meeting registrations and exhibits	1,007,090	975,105
Awards payable	<u>5,311,500</u>	<u>3,409,500</u>
Total current liabilities	<u>8,417,486</u>	<u>6,816,226</u>
LONG-TERM LIABILITIES		
Notes payable, net of current portion	<u>-</u>	<u>4,582,658</u>
Total liabilities	<u>8,417,486</u>	<u>11,398,884</u>
NET ASSETS		
Unrestricted:		
Undesignated	30,421,467	32,731,794
Board-designated	<u>7,950,868</u>	<u>7,231,413</u>
Total unrestricted	38,372,335	39,963,207
Temporarily restricted	3,870,921	4,942,921
Permanently restricted	<u>4,748,805</u>	<u>4,061,850</u>
Total net assets	<u>46,992,061</u>	<u>48,967,978</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 55,409,547</u>	<u>\$ 60,366,862</u>

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	<u>2018</u>			<u>2017</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE					
Annual Meeting	\$ 7,939,468	\$ 31,277	\$ -	\$ 7,970,745	\$ 8,456,842
Research and Fellowship Awards	867,892	634,467	686,955	2,189,314	3,364,774
Meetings and Education	1,014,679	-	-	1,014,679	1,088,542
Membership Dues	1,589,109	-	-	1,589,109	1,524,723
Professional Relations	200,608	-	-	200,608	117,033
Publications and AASLD Journals	2,548,165	-	-	2,548,165	2,775,459
Contributions	161,750	-	-	161,750	210,865
Rental Income	-	-	-	-	89,591
Contributed services and materials	40,000	-	-	40,000	-
Net assets released from donor restrictions	<u>1,998,519</u>	<u>(1,998,519)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>16,360,190</u>	<u>(1,332,775)</u>	<u>686,955</u>	<u>15,714,370</u>	<u>17,627,829</u>
EXPENSES					
Program Services:					
Annual Meeting	4,155,373	-	-	4,155,373	3,856,407
Awards	4,644,819	-	-	4,644,819	3,796,146
Clinical and Public Policies	387,575	-	-	387,575	392,157
Marketing and Communications	872,513	-	-	872,513	714,454
Meetings and Education	2,621,305	-	-	2,621,305	2,417,967
Membership	1,009,571	-	-	1,009,571	730,948
AMS	110,543	-	-	110,543	107,575
Professional Relations	1,233,515	-	-	1,233,515	1,184,440
Publications, AASLD Journals	2,180,671	-	-	2,180,671	2,249,332
Emerging Liver Scholars and Mentorship	217,469	-	-	217,469	210,554
Fundamentals of Liver Disease	70,988	-	-	70,988	131,166
Public Awareness	93,462	-	-	93,462	41,132
Strategic Planning	<u>124,357</u>	<u>-</u>	<u>-</u>	<u>124,357</u>	<u>-</u>
Total program services	<u>17,722,161</u>	<u>-</u>	<u>-</u>	<u>17,722,161</u>	<u>15,832,278</u>
Supporting Services:					
Leadership and Administration	2,075,277	-	-	2,075,277	2,450,306
Fundraising	<u>752,769</u>	<u>-</u>	<u>-</u>	<u>752,769</u>	<u>253,218</u>
Total supporting services	<u>2,828,046</u>	<u>-</u>	<u>-</u>	<u>2,828,046</u>	<u>2,703,524</u>
Total expenses	<u>20,550,207</u>	<u>-</u>	<u>-</u>	<u>20,550,207</u>	<u>18,535,802</u>
Change in net assets before other item	(4,190,017)	(1,332,775)	686,955	(4,835,837)	(907,973)
OTHER ITEM					
Investment income	<u>2,599,145</u>	<u>260,775</u>	<u>-</u>	<u>2,859,920</u>	<u>4,951,657</u>
Change in net assets	(1,590,872)	(1,072,000)	686,955	(1,975,917)	4,043,684
Net assets at beginning of year	<u>39,963,207</u>	<u>4,942,921</u>	<u>4,061,850</u>	<u>48,967,978</u>	<u>44,924,291</u>
NET ASSETS AT END OF YEAR	<u>\$ 38,372,335</u>	<u>\$ 3,870,921</u>	<u>\$ 4,748,805</u>	<u>\$ 46,992,061</u>	<u>\$ 48,967,975</u>

See accompanying notes to consolidated financial statements.

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

2018
Program Services

	Annual Meeting	Awards	Clinical and Public Policies	Marketing and Communications	Meetings and Education	Membership	AMS	Professional Relations	Publications, AASLD Journals
Advertising	\$ 9,507	\$ 11	\$ -	\$ 2,400	\$ 7,561	\$ -	\$ -	\$ -	\$ -
Agency temporary	56,126	364	-	-	7,963	11,792	-	-	6,112
Audio visual	817,951	19,819	4,033	3,687	96,793	11,034	-	14,405	5,830
Awards	5,904	4,132,017	-	-	15,000	500	-	168,642	-
Bank and credit card charges	160,563	43	-	-	-	57,756	-	-	-
Contributions	2,000	-	-	-	-	-	-	15,000	-
Depreciation and amortization	11,666	5,182	1,228	8,378	20,147	8,899	535	6,922	10,468
Design services	-	5,504	-	-	-	-	-	1,541	-
Editor's office expenses	-	-	-	-	2,500	-	-	-	2,958
Electronic ballot	-	-	-	-	-	-	-	-	-
Equipment rental	3,199	-	-	-	9,377	-	-	-	-
Exhibit hall	-	-	-	48	21,098	31,117	-	26,970	-
Food and beverage	620,982	51,783	8,542	1,642	269,542	42,246	-	43,228	34,603
Honoraria	56,000	-	-	-	31,000	11,500	-	21,000	563,850
In-kind expenses	6,100	-	-	-	5,000	-	-	-	-
Insurance	32,751	-	-	-	-	-	-	-	-
Maintenance and repairs	1,726	555	137	904	2,083	924	60	611	1,169
Marketing expenses	174,413	11,567	-	71,312	25,439	26,607	-	5,498	2,295
Meeting services	472,483	1,657	75	505	43,954	9,139	-	150	500
Membership dues	-	-	11,625	228	3,612	152	-	741	228
Office condominium expenses	138,203	49,395	12,047	79,563	187,498	81,536	5,146	57,888	101,196
Outside storage	-	-	-	-	-	-	-	-	-
Postage and delivery	22,653	2,675	-	3,717	6,531	12,891	-	1,786	203
Printing and duplicating	68,225	408	47	260	695	6,407	-	34	64,624
Professional services	454,158	-	194,322	87,426	340,009	78,393	69,074	252,742	244,775
Publishers fees	-	-	-	-	-	-	-	-	447,200
Recruitment	-	-	-	957	1,279	-	-	-	90
Registration and fees	-	-	-	-	2,185	-	-	-	-
Registration bags	32,248	-	-	-	-	-	-	-	-
Revenue sharing	34,811	-	-	-	-	-	-	-	-
Salaries and benefits	700,976	295,194	67,792	478,942	1,148,409	495,057	30,630	359,800	598,015
Software	47,928	19,710	19,139	82,188	75,734	32,089	1,958	22,704	40,245
Staff development and recognition	-	1,924	11	14,176	8,557	2,351	2,396	-	2,271
Stationery and supplies	2,374	156	-	6,467	4,314	4,084	375	616	254
Stipend	-	-	-	-	-	-	-	-	-
Subscriptions and books	-	-	-	1,616	-	336	-	-	-
Telephone and fax	113,759	4,328	888	5,424	18,892	6,563	310	10,327	9,493
Travel	108,667	42,527	67,689	22,673	266,133	78,198	59	222,910	44,292
TOTAL	\$ 4,155,373	\$4,644,819	\$ 387,575	\$ 872,513	\$ 2,621,305	\$ 1,009,571	\$ 110,543	\$ 1,233,515	\$ 2,180,671

See accompanying notes to consolidated financial statements.

2017

Supporting Services									
Emerging Liver Scholars & Mentorship	Fundamentals of Liver Disease	Public Awareness	Strategic Planning	Total Program Services	Leadership and Administration	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
\$ -	\$ -	\$ -	\$ -	\$ 19,479	\$ -	\$ -	\$ -	\$ 19,479	\$ 21,591
-	-	-	-	82,357	9,069	10,944	20,013	102,370	66,322
11,767	-	6,874	-	992,193	25,544	2,928	28,472	1,020,665	834,020
9,600	-	-	-	4,331,663	595	-	595	4,332,258	3,711,622
-	-	-	-	218,362	2,722	-	2,722	221,084	243,616
-	-	-	-	17,000	-	-	-	17,000	104,238
270	514	371	878	75,458	16,113	3,489	19,602	95,060	57,694
11	-	479	-	7,535	284	-	284	7,819	28,246
-	-	-	-	5,458	-	-	-	5,458	13,276
-	-	-	-	-	-	-	-	-	2,364
-	-	-	-	12,576	-	-	-	12,576	7,347
11	-	-	-	79,244	-	-	-	79,244	35,976
24,092	-	-	5,060	1,101,720	66,541	4,775	71,316	1,173,036	1,030,159
-	3,000	-	-	686,350	-	-	-	686,350	781,975
-	-	-	-	11,100	-	-	-	11,100	6,100
-	-	-	-	32,751	-	-	-	32,751	47,669
38	66	50	70	8,393	2,667	388	3,055	11,448	12,376
6,587	623	29,631	-	353,972	8,533	8,771	17,304	371,276	283,184
2,636	-	19,533	-	550,632	6,871	-	6,871	557,503	496,646
-	-	-	-	16,586	3,392	125	3,517	20,103	20,241
3,281	5,178	4,342	7,421	732,694	203,383	33,926	237,309	970,003	1,125,337
-	-	-	-	-	3,253	-	3,253	3,253	3,299
37,342	355	-	-	88,153	6,412	1,281	7,693	95,846	105,428
118	-	-	-	140,818	2,702	162	2,864	143,682	129,583
-	27,910	3,000	44,900	1,796,709	351,223	448,029	799,252	2,595,961	2,310,692
-	-	-	-	447,200	-	-	-	447,200	417,800
-	-	-	-	2,326	634	-	634	2,960	4,258
-	-	-	-	2,185	180	-	180	2,365	330
-	-	-	-	32,248	-	-	-	32,248	38,327
-	-	-	-	34,811	-	-	-	34,811	50,000
17,031	30,011	23,098	46,476	4,291,431	931,677	202,411	1,134,088	5,425,519	5,114,122
1,159	1,849	1,663	2,830	349,196	86,590	13,187	99,777	448,973	153,273
-	-	-	-	31,686	23,075	134	23,209	54,895	50,912
342	1,157	-	84	20,223	28,369	59	28,428	48,651	46,061
-	-	-	-	-	112,500	-	112,500	112,500	120,000
-	-	-	-	1,952	726	-	726	2,678	2,583
1,354	325	1,787	662	174,112	20,899	3,218	24,117	198,229	143,806
101,830	-	2,634	15,976	973,588	161,323	18,942	180,265	1,153,853	915,329
\$ 217,469	\$ 70,988	\$ 93,462	\$ 124,357	\$ 17,722,161	\$ 2,075,277	\$ 752,769	\$ 2,828,046	\$ 20,550,207	\$ 18,535,802

See accompanying notes to consolidated financial statements.

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,975,917)	\$ 4,043,684
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	345,244	478,672
Unrealized gain	(1,473,245)	(3,590,171)
Realized gain	(189,876)	(126,005)
Change in net present value discount for contributions receivable	127,256	7,569
(Increase) decrease in:		
Contributions receivable	(744,375)	759,862
Accounts receivable	(134,342)	15,039
Prepaid expenses	(116,826)	144,144
Deposits	8,175	213,101
Increase (decrease) in:		
Accounts payable and accrued expenses	214,661	319,708
Deferred revenue:		
Membership dues	(66,690)	276,545
Meeting registrations and exhibits	31,985	(196,906)
Awards payable	<u>1,902,000</u>	<u>1,239,803</u>
Net cash (used) provided by operating activities	<u>(2,071,950)</u>	<u>3,585,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(610,224)	(283,474)
Purchase of investments	(1,196,763)	(16,566,121)
Proceeds from sale of investments	<u>8,805,218</u>	<u>15,215,347</u>
Net cash provided (used) by investing activities	<u>6,998,231</u>	<u>(1,634,248)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on interest rate swap	-	(2,374,360)
Payments on notes payable	(5,063,354)	(3,396,950)
Payments on bond payable	-	(3,004,984)
Proceeds from note payable	<u>-</u>	<u>5,451,864</u>
Net cash used by financing activities	<u>(5,063,354)</u>	<u>(3,324,430)</u>
Net decrease in cash and cash equivalents	(137,073)	(1,373,633)
Cash and cash equivalents at beginning of year	<u>3,188,816</u>	<u>4,562,449</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,051,743</u>	<u>\$ 3,188,816</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 68,842</u>	<u>\$ 260,435</u>

See accompanying notes to consolidated financial statements.

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The American Association for the Study of Liver Diseases (the Association), a non-profit organization, was established in 1950 to promote the advancement of medical education, research and clinical care in the field of liver and biliary tracts. The Association is the leading organization of scientists and healthcare professionals committed to preventing and curing liver disease. The Association fosters research that leads to improved treatment options for millions of liver disease patients.

The Association's vision is to prevent and cure liver disease. The mission is to advance and disseminate the science and practice of hepatology, and to promote liver health and quality patient care.

The American Association for the Study of Liver Diseases Foundation (the AASLD Foundation), an affiliate controlled by the American Association for the Study of Liver Diseases, was established in 2014 to support liver research and provide education about liver disease and its treatment to those providing care to patients. Core programs of the AASLD Foundation include providing research support for young investigators, advanced training and career development, and the dissemination of educational materials for the non-hepatologist.

The mission of AASLD Foundation is to invest in innovative Hepatology research and in the people who study and treat liver disease. The vision is to prevent and cure liver disease.

The Association has the authority to appoint the members of the Board of Trustees for the AASLD Foundation and provides shared office space, personnel and other resources to the AASLD Foundation, and as a result, they incur costs on behalf of one another.

Basis of presentation -

The accompanying consolidated financial statements reflect the activities of the above mentioned organizations for the year ended June 30, 2018 and are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810, *Not-for-Profit Entities, Consolidation*.

The financial statements of the Association and the AASLD Foundation (collectively, the Organizations), have been consolidated because they are under common control and the Association has an economic interest in the AASLD Foundation. All intercompany transactions have been eliminated in consolidation. The consolidated statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Cash and cash equivalents -

For purposes of reporting cash flows, the Organizations consider demand deposits, money market accounts and all other investments, with an original maturity date of three months or less, other than those held as part of the Organizations' long-term investments, to be cash and cash equivalents.

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents (continued) -

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organizations maintain cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are carried at their readily determinable fair value. Unrealized and realized gains and losses are included in investment income in the Consolidated Statement of Activities and Change in Net Assets.

Contributions receivable -

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2018, all contributions receivable are deemed by management to be fully collectible; therefore, no allowance for doubtful accounts has been established.

Accounts receivable -

Accounts receivable consists primarily of amounts due to the Organizations for DDW registration income earned but not received and relinquished grant funds from award recipients. As of June 30, 2018, all receivables are deemed by management to be fully collectible; therefore, no allowance for doubtful accounts has been established. Accounts receivable are expected to be collected within a period of one-year.

Fixed assets -

Fixed assets are stated at acquisition cost. The Association capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization are computed using the straight-line method, over the estimated useful lives of the assets, ranging from 3 to 39 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts and, any remaining gain or loss is included in operations. Expenditures for repairs and maintenance are charged to expense when incurred.

Depreciation of furniture and equipment of \$95,059 is reported as depreciation expense in the Consolidated Statement of Functional Expenses. Depreciation expense on the office condominium in the amount of \$250,185 is included in office condominium expenses.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Deferred revenue -

Deferred revenue consists of membership dues, conference and meeting registrations and exhibits received in advance. The Association recognizes member dues on a pro-rata basis over the annual membership period. The Association recognizes conference and meeting revenue and exhibit revenue when the related event has occurred.

Awards payable -

Awards payable are recorded as a liability when the commitment has been made by the Association. All grants are payable within the next fiscal year and are recorded as a current liability in the Consolidated Statement of Financial Position.

Net asset classification -

The net assets are reported in three self-balancing groups as follows:

- **Undesignated net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organizations and include both internally designated and undesignated resources.

During 2018, the Governing Board authorized use of unrestricted Board-designated funds as follows:

	<u>June 30, 2017</u>	<u>Investment Gains</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2018</u>
Emerging Trends Single Topic Conference	\$ 2,302,189	\$ 106,560	\$ -	\$ (111,070)	\$ 2,297,679
Clinical Single Topic Conference	1,776,338	83,250	-	(101,982)	1,757,606
Basic Single Topic Conference	1,239,150	49,950	-	-	1,289,100
Building Infrastructure Fund	500,000	-	-	(400,000)	100,000
Mentoring Opportunities	29,255	-	-	(29,255)	-
Board-Designated: State of the Art - Starzl	6,857	276	-	-	7,133
Foundation Endowment Program	<u>1,377,625</u>	<u>121,725</u>	<u>1,000,000</u>	<u>-</u>	<u>2,499,350</u>
TOTAL BOARD-DESIGNATED NET ASSETS	<u>\$ 7,231,414</u>	<u>\$ 361,761</u>	<u>\$ 1,000,000</u>	<u>\$ (642,307)</u>	<u>\$ 7,950,868</u>

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions.

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the Organizations. Investment earnings can be utilized for operations.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses -

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services. Awards expenses include Research and Travel Awards as well as supporting expenses such as awards marketing, advertising and promotions, research awards committee travels and meeting expenses and staff time supporting the awards. The Emerging Liver Scholars program represents the direct expenses and AASLD funds up to \$100,000. All other costs related to this program are under AASLD.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income taxes -

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association is also exempt from sales tax in the state of Virginia. The Association is not a private foundation.

The Association is required to report unrelated business income to the Internal Revenue Service and the appropriate state taxing authorities. The Association leases office space to one unaffiliated tenant. This activity is considered to be unrelated business activity under Internal Revenue Service regulations. Defined net income from these operations is taxable. To date, there has been a loss from unrelated business activities. As of June 30, 2018, there were net operating loss carry forwards of approximately \$1,500,000. No deferred tax asset has been recognized due to uncertainty regarding realization. The net operating losses expire between 2031 and 2036.

The AASLD Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2018, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributions and grants (continued) -

Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying consolidated financial statements.

Advertising -

The Organizations expense advertising costs when incurred. For the year ended June 30, 2018, \$19,479 of advertising costs were incurred.

Risks and uncertainties -

The Organizations invest in various investment securities. Investment securities are exposed to various risks such as interest rates, 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 consolidated financial statements.

Fair value measurement -

The Organizations adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organizations account for a significant portion of their financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. INVESTMENTS

Investments, at fair value, consisted of the following at June 30, 2018:

	<u>AASLD</u> <u>Endowments</u>	<u>AASLD</u> <u>Reserve</u>	<u>Foundation</u> <u>Investments</u>	<u>Total</u> <u>Investments</u>
Money Market Funds	\$ 626,922	\$ 1,571,392	\$ 802,344	\$ 3,000,658
Mutual Funds:				
Domestic Large Cap Value and Growth	2,234,393	7,364,470	4,228,838	13,827,701
Domestic Small Cap Value and Growth	202,570	690,639	397,150	1,290,359
Fixed income	1,913,869	6,586,358	5,704,011	14,204,238
International Developed Equity	1,212,452	4,032,731	2,186,384	7,431,567
Emerging Market Equity	<u>264,467</u>	<u>823,390</u>	<u>465,888</u>	<u>1,553,745</u>
TOTAL INVESTMENTS	<u>\$ 6,454,673</u>	<u>\$ 21,068,980</u>	<u>\$ 13,784,615</u>	<u>\$ 41,308,268</u>

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

2. INVESTMENTS (Continued)

The Organizations' investment asset allocations are based on a Board approved investment policy.

Investment income consisted of the following at June 30, 2018:

Interest and dividends	\$ 1,211,560
Unrealized gain	1,473,245
Realized gain	168,203
Short-term capital gains	14,967
Long-term capital gains	<u>6,706</u>
	2,874,681
Less: Investment custodian fees	<u>(14,761)</u>
TOTAL INVESTMENT INCOME	<u>\$ 2,859,920</u>

The investment advisory firm's annual fees for year ended June 30, 2018 were \$129,331. These fees are included in the Consolidated Statement of Functional Expenses under professional services.

3. CONTRIBUTIONS RECEIVABLE

Contributions due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 0.010% - 5%.

Contributions are due as follows at June 30, 2018:

Less than one year	\$ 2,081,875
One to five years	<u>1,481,500</u>
Total	3,563,375
Less: Allowance to discount balance to present value	<u>(145,305)</u>
CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 3,418,070</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2018:

Annual Meeting and Meetings and Education	\$ 811,367
Research and Fellowship Awards	1,474,485
Accumulated Endowment Earnings not yet authorized for spending	1,560,049
Memorial Travel Awards	<u>25,020</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 3,870,921</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

5. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions, at June 30, 2018, by incurring expenses, which satisfied the restricted purposes specified by the donors:

Annual Meeting and Meetings and Education	\$ 270,000
Research and Fellowship Awards	1,511,898
Accumulated Endowment Earnings	<u>216,621</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,998,519</u>

6. RELATED PARTIES

The Association has the authority to appoint the members of the Board of Trustees for the AASLD Foundation and provides shared office space, personnel and other resources to the AASLD Foundation, and as a result, they incur costs on behalf of one another. Operating costs are billed to the AASLD Foundation based upon appropriate apportionment methods.

As of June 30, 2018, the Association owed the AASLD Foundation \$64,572, net of receivables, as a result of these activities. During the fiscal year 2018, AASLD contributed \$1,150,000 to AASLD Foundation to help support their activities during the year. In addition, AASLD donated \$54,000 received from in-kind contributions for honoraria to the AASLD Foundation. These amounts have been eliminated in consolidation.

7. LONG-TERM DEBT

On August 1, 2006, the Association purchased an office condominium with 22,504 square feet in Alexandria, Virginia. The purchase was financed with two debt instruments totaling \$6,800,000 and secured with a First Deed of Trust, Assignment and Security Agreement on the property. On August 1, 2016, the Association paid all outstanding debt associated with the purchase and construction of its office condominium: The Association paid these debts with \$3.0 million from cash and investment reserves and entered into a new ten-year note payable with SunTrust in the amount of \$5,470,814 with a 3.26% fixed interest rate and a closing commitment fee of 20 basis points. The new loan is secured by AASLD's investments.

The new loan agreement contains various covenants which, among other things, place restrictions on the Association's ability to incur additional indebtedness and requires the Association to maintain certain financial ratios. There were loan refinancing fees of \$18,950 incurred.

During the year ended June 30 2018, the balance of the note payable was paid in full.

8. RETIREMENT PLAN

The Association maintains a 403(b) plan, covering all full-time employees who have met the eligibility requirements of the Plan, which is one-year of service. The Association contributes ten percent of eligible employees' gross salaries to the Plan. Contributions for the year ended June 30, 2018 totaled \$387,558.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

9. COMMITMENTS AND CONTINGENCIES

Royalty contracts -

The Association contracts with a publisher to publish the *Hepatology* journal, *Liver Transplantation* journal, *Clinical Liver Disease* (CLD) and *Hepatology Communications*. By the terms of the contract, the Organizations receive non-reimbursable grants to cover the editorial expenses and honoraria. In addition, the Organizations earn royalties based on the net accrued revenue of the journals.

Future contracts -

The Organizations reserve hotel space for its conferences several years in advance. The contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved. As of the date of this report, contracts for various hotel space had been entered into through 2026. However, due to the numerous variables involved, the Organizations' ultimate liability under these contracts cannot be determined.

Key employee contract -

The Organizations have a multi-year employment contract in place for one of its employees. The agreement provides for a base salary with built-in annual increases. The contract is terminable by either party with notice and provides for severance pay at up to one year if terminated by the Organizations under certain conditions.

10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organizations have the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

10. FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value.

- *Money Market Funds* - Valued at the daily closing price as reported by the fund. The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC). This fund is required to publish its daily net asset value (NAV) and to transact at that price. The money market fund is deemed to be actively traded.
- *Mutual Funds* - Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of June 30, 2018:

Asset Class - Investments:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 3,000,658	\$ -	\$ -	\$ 3,000,658
Mutual Funds:				
Domestic Large Cap Value and Growth	13,827,701	-	-	13,827,701
Domestic Small Cap Value and Growth	1,290,359	-	-	1,290,359
Fixed income	14,204,238	-	-	14,204,238
International Developed Equity	7,431,567	-	-	7,431,567
Emerging Market Equity	<u>1,553,745</u>	<u>-</u>	<u>-</u>	<u>1,553,745</u>
TOTAL INVESTMENTS	<u>\$ 41,308,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,308,268</u>

11. ENDOWMENT

The Organizations' endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Governing Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Governing Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Organizations to appropriate for expenditures or accumulate so much of an endowment fund as the Organizations determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Governing Board. As a result of this interpretation, the Organizations has not changed the way permanently restricted net assets are classified. See note 1 for further information on net asset classification.

The remaining portion of the donor-restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent withheld standard of prudence prescribed by UPMIFA.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

11. ENDOWMENT (Continued)

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organizations and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organizations.

Endowment net asset composition by type of fund as of June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 1,560,049	\$ 4,748,805	\$ 6,308,854
Board-Designated Endowment Funds	<u>2,499,350</u>	<u>-</u>	<u>-</u>	<u>2,499,350</u>
TOTAL	<u>\$ 2,499,350</u>	<u>\$ 1,560,049</u>	<u>\$ 4,748,805</u>	<u>\$ 8,808,204</u>

Changes in endowment net assets for the period ended June 30, 2018:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,377,625	\$ 1,515,895	\$ 4,061,850	\$ 6,955,370
Investment income	121,725	260,775	-	382,500
Contributions	1,000,000	-	686,955	1,686,955
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(216,621)</u>	<u>-</u>	<u>(216,621)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 2,499,350</u>	<u>\$ 1,560,049</u>	<u>\$ 4,748,805</u>	<u>\$ 8,808,204</u>

Permanently restricted net assets consisted of the following at June 30, 2018:

Basic Research Single Topic Conference	\$ 726,000
State-of-the-Art Lectures:	
Leon Schiff	100,000
Hyman J. Zimmerman	140,000
Thomas E. Starzl	95,850
Hepatitis Single Topic Conference	2,000,000
Foundation Campaign	<u>1,686,955</u>
TOTAL PERMANENTLY RESTRICTED NET ASSETS	<u>\$ 4,748,805</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

11. ENDOWMENT (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organizations to retain as fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in unrestricted net assets as of June 30, 2018.

Return Objectives and Risk Parameters -

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organizations must hold in-perpetuity or for a donor-specified period(s) as well as Board-designated funds.

Under this policy, as approved by the Board of Trustees, the investment objectives are:

- A. Preservation of capital;
- B. The achievement of a favorable rate of return over time, within acceptable parameters of risk; and
- C. Sufficient liquidity to provide for the necessary cash flow requirements.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Organizations have a policy of appropriating for distribution each year an amount not to exceed earnings from dividends, interest and realized gains and losses. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in-perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

12. NEW ACCOUNTING PRONOUNCEMENTS -

To be adopted July 1, 2018 - In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Consolidated Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Organizations' financial statements, it is not expected to alter the Organizations' reported financial position.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018**

12. NEW ACCOUNTING PRONOUNCEMENTS (NOT YET ADOPTED) (Continued) -

To be adopted July 1, 2019 - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Organizations have not yet selected a transition method and are currently evaluating the effect that the updated standard will have on its consolidated financial statements.

To be adopted July 1, 2019 - In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organizations have not yet decided on a transition method. The ASU is effective for years beginning after December 15, 2018.

The Organizations plan to adopt the new ASUs at the respective required implementation dates.

13. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through September 26, 2018, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
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**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2018**

	ASSETS			
	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,822,478	\$ 229,265	\$ -	\$ 3,051,743
Investments	27,523,653	13,784,615	-	41,308,268
Contributions receivable, current portion	400,000	1,681,875	-	2,081,875
Accounts receivable	710,624	-	-	710,624
Prepaid expenses	476,682	15,988	-	492,670
Due from the Association, net of payable	<u>-</u>	<u>64,572</u>	<u>(64,572)</u>	<u>-</u>
Total current assets	<u>31,933,437</u>	<u>15,776,315</u>	<u>(64,572)</u>	<u>47,645,180</u>
FIXED ASSETS				
Office condominium	8,451,189	-	-	8,451,189
Furniture and equipment	<u>1,096,203</u>	<u>-</u>	<u>-</u>	<u>1,096,203</u>
	9,547,392	-	-	9,547,392
Less: Accumulated depreciation and amortization	<u>(3,165,754)</u>	<u>-</u>	<u>-</u>	<u>(3,165,754)</u>
Net fixed assets	<u>6,381,638</u>	<u>-</u>	<u>-</u>	<u>6,381,638</u>
OTHER ASSETS				
Contributions receivable, net of current portion	399,361	936,834	-	1,336,195
Deposits	<u>46,534</u>	<u>-</u>	<u>-</u>	<u>46,534</u>
Total other assets	<u>445,895</u>	<u>936,834</u>	<u>-</u>	<u>1,382,729</u>
TOTAL ASSETS	<u>\$ 38,760,970</u>	<u>\$ 16,713,149</u>	<u>\$ (64,572)</u>	<u>\$ 55,409,547</u>

LIABILITIES AND NET ASSETS

	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 1,131,101	\$ 54,831	\$ -	\$ 1,185,932
Deferred revenue:				
Membership dues	912,964	-	-	912,964
Meeting registrations and exhibits	1,007,090	-	-	1,007,090
Awards payable	-	5,311,500	-	5,311,500
Due to the Foundation, net of receivable	<u>64,572</u>	<u>-</u>	<u>(64,572)</u>	<u>-</u>
Total current liabilities	<u>3,115,727</u>	<u>5,366,331</u>	<u>(64,572)</u>	<u>8,417,486</u>
NET ASSETS				
Unrestricted:				
Undesignated	25,126,068	5,295,399	-	30,421,467
Board-designated	<u>5,451,518</u>	<u>2,499,350</u>	<u>-</u>	<u>7,950,868</u>
Total unrestricted	30,577,586	7,794,749		38,372,335
Temporarily restricted	2,005,807	1,865,114		3,870,921
Permanently restricted	<u>3,061,850</u>	<u>1,686,955</u>	<u>-</u>	<u>4,748,805</u>
Total net assets	<u>35,645,243</u>	<u>11,346,818</u>	<u>-</u>	<u>46,992,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 38,760,970</u>	<u>\$ 16,713,149</u>	<u>\$ (64,572)</u>	<u>\$ 55,409,547</u>

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED REVENUE				
Annual Meeting	\$ 7,939,468	\$ -	\$ -	\$ 7,939,468
Research and Fellowship Awards	-	867,892	-	867,892
Meetings and Education	1,014,679	-	-	1,014,679
Membership Dues	1,589,109	-	-	1,589,109
Professional Relations	200,608	-	-	200,608
Publications and AASLD Journals	2,548,165	-	-	2,548,165
Contributions	-	1,365,750	(1,204,000)	161,750
Contributed services and materials	40,000	-	-	40,000
Net assets released from donor restrictions	<u>432,521</u>	<u>1,565,998</u>	<u>-</u>	<u>1,998,519</u>
Total unrestricted revenue	<u>13,764,550</u>	<u>3,799,640</u>	<u>(1,204,000)</u>	<u>16,360,190</u>
EXPENSES				
Program Services:				
Annual Meeting	4,161,373	-	(6,000)	4,155,373
Awards	-	4,644,819	-	4,644,819
Clinical and Public Policies	387,575	-	-	387,575
Marketing and Communications	872,513	-	-	872,513
Meetings and Education	2,628,805	-	(7,500)	2,621,305
Membership	1,010,071	-	(500)	1,009,571
AMS	110,543	-	-	110,543
Professional Relations	2,383,515	-	(1,150,000)	1,233,515
Publications, AASLD Journals	2,180,671	-	-	2,180,671
Emerging Liver Scholars and Mentorship	96,142	121,327	-	217,469
Fundamentals of Liver Disease	-	70,988	-	70,988
Public Awareness	-	93,462	-	93,462
Strategic Planning	<u>124,357</u>	<u>-</u>	<u>-</u>	<u>124,357</u>
Total program services	<u>13,955,565</u>	<u>4,930,596</u>	<u>(1,164,000)</u>	<u>17,722,161</u>
Supporting Services:				
Leadership and Administration	1,688,530	426,747	(40,000)	2,075,277
Fundraising	<u>20,346</u>	<u>732,423</u>	<u>-</u>	<u>752,769</u>
Total supporting services	<u>1,708,876</u>	<u>1,159,170</u>	<u>(40,000)</u>	<u>2,828,046</u>
Total expenses	<u>15,664,441</u>	<u>6,089,766</u>	<u>(1,204,000)</u>	<u>20,550,207</u>
Change in unrestricted net assets before other item	(1,899,891)	(2,290,126)	-	(4,190,017)
OTHER ITEM				
Investment income	<u>1,863,841</u>	<u>735,304</u>	<u>-</u>	<u>2,599,145</u>
Change in unrestricted net assets	<u>(36,050)</u>	<u>(1,554,822)</u>	<u>-</u>	<u>(1,590,872)</u>
TEMPORARILY RESTRICTED REVENUE				
Annual Meeting	31,277	-	-	31,277
Research and Fellowship Awards	-	634,467	-	634,467
Net assets released from donor restrictions	<u>(432,521)</u>	<u>(1,565,998)</u>	<u>-</u>	<u>(1,998,519)</u>
Change in temporarily restricted net assets before other item	(401,244)	(931,531)	-	(1,332,775)
OTHER ITEM				
Investment income	<u>206,675</u>	<u>54,100</u>	<u>-</u>	<u>260,775</u>
Change in temporarily restricted net assets	<u>(194,569)</u>	<u>(877,431)</u>	<u>-</u>	<u>(1,072,000)</u>
PERMANENTLY RESTRICTED REVENUE				
Research and Fellowship Awards	<u>-</u>	<u>686,955</u>	<u>-</u>	<u>686,955</u>
CHANGE IN NET ASSETS	<u>\$ (230,619)</u>	<u>\$ (1,745,298)</u>	<u>\$ -</u>	<u>\$ (1,975,917)</u>

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES FOUNDATION**

**CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
Net assets at beginning of year	\$ 30,613,636	\$ 9,349,571	\$ 39,963,207
Change in unrestricted net assets	<u>(36,050)</u>	<u>(1,554,822)</u>	<u>(1,590,872)</u>
TOTAL UNRESTRICTED NET ASSETS AT END OF YEAR	<u>30,577,586</u>	<u>7,794,749</u>	<u>38,372,335</u>
TEMPORARILY RESTRICTED NET ASSETS			
Net assets at beginning of year	2,200,376	2,742,545	4,942,921
Change in temporarily restricted net assets	<u>(194,569)</u>	<u>(877,431)</u>	<u>(1,072,000)</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS AT END OF YEAR	<u>2,005,807</u>	<u>1,865,114</u>	<u>3,870,921</u>
PERMANENTLY RESTRICTED NET ASSETS			
Net assets at beginning of year	3,061,850	1,000,000	4,061,850
Change in permanently restricted net assets	<u>-</u>	<u>686,955</u>	<u>686,955</u>
TOTAL PERMANENTLY RESTRICTED NET ASSETS AT END OF YEAR	<u>3,061,850</u>	<u>1,686,955</u>	<u>4,748,805</u>
TOTAL NET ASSETS	<u>\$ 35,645,243</u>	<u>\$ 11,346,818</u>	<u>\$ 46,992,061</u>