

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
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INDEPENDENT AUDITORS' REPORT

Audit Committee
The American Board of Internal Medicine
and Affiliated Foundation
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The American Board of Internal Medicine and Affiliated Foundation, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 auditors' 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.

Audit Committee
The American Board of Internal Medicine
and Affiliated Foundation

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Board of Internal Medicine and Affiliated Foundation as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other supplementary information 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 audits 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.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 20, 2020

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 65,834,520	\$ 54,923,654
Accounts Receivable, Net	100,332	676,129
Grants Receivable	118,533	266,498
Investments, at Fair Value	71,873,818	70,972,823
Investments, at Fair Value, Deferred Compensation Plan	1,264,273	945,933
Prepaid Expenses	2,244,459	1,648,797
Property, Net	389,015	480,037
Furniture and Equipment, Net	3,510,229	4,807,660
Total Assets	\$ 145,335,179	\$ 134,721,531
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts and Grants Payable and Accrued Expenses	\$ 1,163,521	\$ 1,993,584
Accrued Compensation	5,593,612	4,804,591
Deferred Revenue:		
Certifying Examinations	34,900,630	34,933,273
Maintenance of Certification	51,332,130	53,287,664
Deferred Compensation	1,264,274	935,269
Deferred Rents	9,872,352	8,927,719
Total Liabilities	104,126,519	104,882,100
NET ASSETS		
Without Donor Restrictions	41,090,127	29,572,933
With Donor Restrictions	118,533	266,498
Total Net Assets	41,208,660	29,839,431
Total Liabilities and Net Assets	\$ 145,335,179	\$ 134,721,531

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Gains:		
Certification Exams:		
Internal Medicine	\$ 16,608,068	\$ 15,285,376
Subspecialties and Other	17,336,619	17,100,610
Credit Card Fees	<u>(759,895)</u>	<u>(709,005)</u>
Total Certification Exams	33,184,792	31,676,981
Maintenance of Certification Program:		
Examination	11,771,107	14,677,809
Program Fee	18,475,431	15,815,764
Credit Card Fees	<u>(667,805)</u>	<u>(660,605)</u>
Total Maintenance of Certification Program	29,578,733	29,832,968
Other Revenue:		
Investment Income, Net	4,425,320	3,714,571
Other Income	<u>1,263,636</u>	<u>1,350,911</u>
Total Other Revenue	<u>5,688,956</u>	<u>5,065,482</u>
Total Revenues and Gains	68,452,481	66,575,431
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>201,198</u>	<u>290,624</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	68,653,679	66,866,055
OPERATING EXPENSES		
Operating Expenses	57,136,485	58,180,814
Loss on Disposal and Abandonment of Furniture and Equipment	<u>-</u>	<u>13,629</u>
Total Operating Expenses	<u>57,136,485</u>	<u>58,194,443</u>
Change in Net Assets Without Donor Restrictions	11,517,194	8,671,612
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grant Revenue	53,233	49,691
Net Assets Released from Restrictions	<u>(201,198)</u>	<u>(290,624)</u>
Change in Net Assets With Donor Restrictions	<u>(147,965)</u>	<u>(240,933)</u>
CHANGE IN NET ASSETS	11,369,229	8,430,679
Net Assets - Beginning of Fiscal Year	<u>29,839,431</u>	<u>21,408,752</u>
NET ASSETS - END OF FISCAL YEAR	<u>\$ 41,208,660</u>	<u>\$ 29,839,431</u>

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 11,369,229	\$ 8,430,679
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Reinvested Dividends	(1,109,409)	(1,911,175)
Unrealized Gain on Investments, Net	(2,835,329)	(1,883,124)
Realized Loss on Sale of Investments, Net	(183,520)	476,899
Loss on Abandonment and Disposal of Furniture and Equipment	-	13,629
Depreciation and Amortization	1,742,376	1,866,639
Deferred Compensation Expense	10,665	(686,162)
Deferred Rents	944,633	200,023
Change in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	575,797	(139,188)
Grants Receivable	147,965	240,933
Prepaid Expenses	(595,662)	(260,246)
Increase (Decrease) in:		
Accounts and Grants Payable and Accrued Expenses	(830,063)	822,313
Accrued Compensation	789,021	848,704
Deferred Revenue	(1,988,177)	(3,728,504)
Net Cash Provided by Operating Activities	<u>8,037,526</u>	<u>4,291,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale and Maturities of Investments	3,285,627	4,202,560
Purchases of Investments	(58,364)	(60,796)
Purchases of Property, Furniture and Equipment	(353,923)	(572,423)
Net Cash Provided by Investing Activities	<u>2,873,340</u>	<u>3,569,341</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS	10,910,866	7,860,761
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year	<u>54,923,654</u>	<u>47,062,893</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS - END OF YEAR	<u>\$ 65,834,520</u>	<u>\$ 54,923,654</u>

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Board of Internal Medicine (ABIM) is a nonprofit organization. The primary purpose of ABIM is the establishment and maintenance of standards of training, education, and qualification of physicians practicing internal medicine within the United States. The assets of ABIM are generally available for operating purposes, with no restrictions by external donors, grantors, or agencies.

The ABIM Foundation (the Foundation) is a nonprofit organization organized exclusively for charitable, educational, and scientific purposes in order to benefit, perform the functions of, and carry out the purposes of ABIM. The assets of the Foundation are available for general operating purposes, with no significant restrictions by external donors, grantors, or agencies.

The consolidated entities are collectively referred to as the Organization in these financial statements. A summary of the Organization's significant accounting policies is as follows:

Principles of Consolidation

The accounts of ABIM and the Foundation are included in the consolidated financial statements based upon ABIM's control and economic interest factors with the Foundation. All material intercompany balances and transactions have been eliminated.

Basis of Accounting

Revenue and expenses are recognized using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance 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 disclosures 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

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents equals fair value.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at their estimated net realizable values. Accounts receivable do not bear interest. It is the Organization's policy to provide an allowance for doubtful accounts on its accounts receivable. The allowance is based on management's estimate of amounts that may not be collected. Delinquency of accounts receivable is generally not a significant issue because most accounts receivable relate to the Maintenance of Certification (MOC) program. Management is generally able to collect amounts due or restrict a candidate from completing the MOC program in the event of nonpayment. When management determines an account is not collectible it charges such write-off either to the allowance account when required or directly to bad debts expense. At June 30, 2020 and 2019, accounts receivable is recorded net of allowance for doubtful accounts of \$20,000.

Investment Valuation and Investment Income Recognition

Investments are stated at fair value, measured as described in Note 4. Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the annual basis. Dividends are recorded on the ex-dividend date.

Property, Furniture and Equipment, and Depreciation and Amortization

The Organization generally capitalizes eligible expenditures greater than \$1,000. Leasehold improvements are stated at cost and are amortized over the shorter of their estimated useful life or the remaining lease term using the straight-line method. Furniture and equipment, including capitalized software, are stated at cost and are depreciated over five to seven years using the straight-line method.

Impairment of Long Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use and eventual disposition of the assets is less than its carrying amount. Impairment, if any, is assessed using discounted cash flows. No impairments of long-lived assets placed in service have occurred to date.

Net Assets Classification

The Organization 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 – Net assets without donor restrictions are the net assets that are available for use in general operations and not subject to donor (or certain grantor) restrictions.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets Classification (Continued)

Net Assets With Donor Restrictions – Net assets with donor restrictions are net assets that are restricted by donor-imposed stipulations. Some grants are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets may be donor restricted for various purposes, such as use in future periods or use for specified purposes. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2020 and 2019, the Organization does not have any net assets with donor-imposed restrictions that were perpetual in nature.

Revenue Recognition

The Organization receives revenues from the administration of its certification exams and the MOC program.

Certification Exams: Revenues from certification exams for internal medicine, subspecialties, and other disciplines are recognized when the applicable exam is administered. Deferred revenue, certifying examinations represents amounts received in advance of a scheduled certification exam date.

MOC Program: On January 1, 2014, the Organization revised the nature of the MOC program. The MOC program is now a continuous program based on a calendar year. Upon entering the MOC program, a diplomate must actively maintain their certification by completing certain requirements. These requirements are expected to be completed every 2, 5, and 10 years. Diplomates choose to pay an all-inclusive bundled MOC fee annually or to prepay for 10 years for access to the program. The single program fee includes access to all MOC program products made available by ABIM over the term of payment, 12 months with annual payment and 120 months with 10-year payment. The single program fee also includes one secure examination. Secure exams must be registered for during the term covered by payment, within 12 months with annual payment and 120 months with the 10-year payment. The MOC program fee for annual registrations is recognized straight-line through December 31 in the year of registration. The MOC program fee for diplomates who have prepaid 10 years is recognized straight-line through December 31 of the 10th year.

Effective January 2018, the Organization replaced its all-inclusive bundled Maintenance of Certification, (MOC), fee with a new two component fee structure. The new two-component fee structure includes a fixed program fee and a separate assessment fee. The new fee structure was designed to provide more flexibility and payment options for both the program fee and assessments when diplomates enroll in the program or register for an assessment.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Program Fee

When registering and paying the program fee diplomates now have the option of paying for just the current year or paying in advance for multiple years up to a total of 10 years including the current year. Registration and payment of the program fee is based upon a calendar year 12-month period. Upon payment of the program fee a diplomate has access to ABIM's physician portal as well as access to all of ABIM's products and services. Revenue from the program fee is recognized on a straight-line basis through December 31st each year for the number of month's paid. For example, revenue from an annual program fee payment paid by a diplomate on January 1, 2020 would be realized on a straight-line basis over the next 12 months ending on December 31, 2020. The same revenue recognition procedure would apply if a diplomate paid the program fee for 10 years. The revenue would be realized on a straight-line basis over 120 months. Deferred Revenue Program Fee includes \$24,086,000 and \$25,478,000 as of June 30, 2020 and 2019, respectively. The deferred revenue will be recognized as program fee revenue on a straight-line basis over the remaining term of the period covered by the payment.

Assessments

When registering for an assessment a diplomate now has two options to choose from: a Knowledge Check-In (KCI), offered every two years or the traditional 10-year assessment. Diplomates are required to pay for all assessments at time of registration. Revenue from assessments is recognized in the month the assessment is taken by the diplomate. Deferred Revenue Assessments includes \$23,083,000 and \$25,239,000 as of June 30, 2020 and 2019, respectively. The deferred revenue will be recognized as assessment revenue when the assessment is administered.

Grant Revenue

Grant revenue consists of unconditional promises to give to the Organization. Grant revenue arising from unconditional promises to give which are expected to be received in approximately one year is recorded at their net realizable value. Grant revenues arising from unconditional promises to give which are expected to be realized in excess of one year are recorded at the present value of the net realizable value using reasonable cost of capital interest rates applicable to the years in which the promises are to be realized.

Grants are considered available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions which are completely met in the same fiscal year are reported as support with donor restrictions with the associated amount reported as net assets released from restrictions.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Income

Other income consists primarily of interest income, other exam related service fees such as shared exam data, candidate exam analysis, and rescoring. Interest income is recorded in the month the transaction occurs. Service fees are recorded as other income as the service is performed.

Credit and Market Risk

Credit risk arises from the potential for an issuer or the other counterparty to default on its contractual obligation. Market risk is the risk that the market value of an investment will fluctuate as a result of changes in market price. Financial instruments which potentially subject the Organization to concentrations of credit and market risk consist principally of cash and cash equivalents and investments. The Organization regularly maintains amounts on deposit in excess of insured limits. The Organization believes it limits its credit exposure by placing its cash and cash equivalents with what management believes to be high credit quality financial institutions. Investments include the risk that market value will change. The Organization mitigates this risk by the adoption and execution of what management believes to be prudent investment policies and procedures.

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 statements of financial position.

Accounting Pronouncements – ASU 2016-18

In November 2016, FASB issued Accounting Standards (ASU) 2016-18, Statement of Cash Flows (Topic 230) Restricted Cash. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements – ASU 2018-08

As of July 1, 2019, the Organization adopted the accounting guidance in FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization's financial statements reflect the application of this guidance for the fiscal year ending June 30, 2020. No cumulative-effect adjustment to net assets was recorded because the adoption did not impact the Organization's previously reported contributions.

Revenue with Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the entity for annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual periods beginning after December 15, 2020. Management is evaluating the effect of the amended revenue recognition guidance on the entity's financial statements.

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the overall net assets of the Organization.

Subsequent Events

The Organization has evaluated its subsequent events through October 20, 2020, which represents the date the consolidated financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the consolidated financial statements for the year ended June 30, 2020.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing financial resources to meet expenses over a 12-month period, the Organization considers all expenses related to its ongoing mission-related activities as well as the conduct of services undertaken to support these activities.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 65,834,520	\$ 54,923,654
Accounts Receivable, Net	100,332	676,129
Grants Receivable	118,533	266,498
Investments, at Fair Value	<u>71,873,818</u>	<u>70,972,823</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 137,927,203</u>	<u>\$ 126,839,104</u>

NOTE 3 INCOME TAXES

The Internal Revenue Service has granted the Organization, which is not a private foundation, exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires the Organization to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken any uncertain tax positions that more likely than not would not be sustained upon examination by a tax authority. Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status and has taken no uncertain tax positions that require adjustments to the consolidated financial statements. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 4 INVESTMENTS

The investment portfolio consists of the following at June 30:

Description	2020	
	Fair Value	Cost
Mutual Funds:		
Short Term Corporate Bond Fund	\$ 2,195,087	\$ 2,177,065
TIFF Multi-Asset Fund	35,853,288	34,841,990
Investment Partnerships:		
TIFF Keystone Fund, L.P.	33,825,443	36,730,441
Subtotal	<u>71,873,818</u>	<u>73,749,496</u>
Money Market Funds	20,674,876	20,674,876
Subtotal	<u>92,548,694</u>	<u>94,424,372</u>
Less: Money Market Funds Reported as Cash	<u>20,674,876</u>	<u>20,674,876</u>
Total	<u><u>\$ 71,873,818</u></u>	<u><u>\$ 73,749,496</u></u>

Description	2019	
	Fair Value	Cost
Mutual Funds:		
Short Term Corporate Bond Fund	\$ 2,091,485	\$ 2,079,798
TIFF Multi-Asset Fund	35,331,991	33,861,957
Investment Partnerships:		
TIFF Keystone Fund, L.P.	33,549,347	33,951,802
Subtotal	<u>70,972,823</u>	<u>69,893,557</u>
Money Market Funds	15,435,532	15,435,532
Subtotal	<u>86,408,355</u>	<u>85,329,089</u>
Less: Money Market Funds Reported as Cash	<u>15,435,532</u>	<u>15,435,532</u>
Total	<u><u>\$ 70,972,823</u></u>	<u><u>\$ 69,893,557</u></u>

Investment income, net, includes the following:

	2020	2019
Realized Gain (Loss) on Sale of Investments, Net	\$ 183,520	\$ (476,899)
Unrealized Gain on Investments, Net	2,835,329	1,883,124
Interest and Dividends	1,406,471	2,308,346
Total	<u><u>\$ 4,425,320</u></u>	<u><u>\$ 3,714,571</u></u>

Investments attributable to deferred compensation invested in various participant directed investments are as follows:

	2020	2019
Balance - Beginning	\$ 945,933	\$ 838,915
Employee Deferrals	62,520	43,459
Increase in Fair Value	255,820	63,559
Balance - Ending	<u><u>\$ 1,264,273</u></u>	<u><u>\$ 945,933</u></u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization 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.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's 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 instruments measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2020.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Certain mutual funds held are deemed to be actively traded. However, the Organization has an investment in the Investment Fund for Foundation Multi-Asset Fund. Since the Organization holds units in the fund, and because the units are not traded on an open exchange, they are valued at NAV per unit based on quoted market prices of underlying investments. The NAV is used as a practical expedient to estimating fair value.

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Pooled Separate Accounts: Valued at NAV per unit based on quoted market prices of underlying investments. The NAV is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments comprising the pooled separate accounts less their liabilities. This practical expedient is not used when it is determined to be probable that the Organization will sell the investment for an amount different than the reported NAV.

Fixed Annuity Contracts: Fixed annuity contracts are valued at fair value by the custodian by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. As transactions occur at contract value, fair value is determined annually for financial statement purposes only. In determining the reasonableness of the methodology, management evaluates a variety of factors including review of existing contracts, economic conditions, industry and market developments, and overall credit ratings. Certain unobservable inputs are assessed through review of contract terms (for example, duration or payout date) which others are substantiated utilizing available market data (for example, swap curve rate).

Investment Partnerships: Investment partnerships are not traded on an open exchange and the fair values of these funds are not readily determinable. These investments are valued at NAV based on the applicable percentage ownership of the underlying funds' net assets as of the measurement date, as determined by the Organization. The NAV is used as a practical expedient to estimating fair value. In determining fair value of the underlying funds' net assets, the Organization utilizes valuations provided by the underlying investment funds. The underlying investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective alternative investment fund and may not reflect amounts that could be realized upon immediate sale, or amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management 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.

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30:

	Assets at Fair Value at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds:				
Bond Funds	\$ 2,195,087	\$ -	\$ -	\$ 2,195,087
Total Mutual Funds	<u>\$ 2,195,087</u>	<u>\$ -</u>	<u>\$ -</u>	2,195,087
Investments Measured at NAV (a)				70,943,004
Total Assets				<u>\$ 73,138,091</u>
Liabilities				
457(b) Plan Liability	<u>\$ -</u>	<u>\$ 1,264,273</u>	<u>\$ -</u>	<u>\$ 1,264,273</u>
	Assets at Fair Value at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds:				
Bond Funds	\$ 2,091,485	\$ -	\$ -	\$ 2,091,485
Total Mutual Funds	<u>\$ 2,091,485</u>	<u>\$ -</u>	<u>\$ -</u>	2,091,485
Investments Measured at NAV (a)				69,827,271
Total Assets				<u>\$ 71,918,756</u>
Liabilities				
457(b) Plan Liability	<u>\$ -</u>	<u>\$ 945,933</u>	<u>\$ -</u>	<u>\$ 945,933</u>

(a) In accordance with ASU 2015-07, Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Organization's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no significant transfers among levels 1, 2, and 3 during the year.

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth a summary of the fair value of investments in certain entities that calculate net asset value per share (or its equivalent):

Assets at Fair Value at June 30, 2020						
Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period		
Pooled Separate Accounts						
Equity Funds (a)	\$ 862,008	\$ -	Immediate	None	457b liability	
Bond Funds (b)	351,471	-	Immediate	None	457b liability	
Real Estate Funds (c)	50,794	-	One per calendar quarter	None	457b liability	
Mutual Funds						
TIFF Multi-Asset Fund (d)	35,853,288	-	Immediate	Up to 7 days		
Investment Partnerships						
TIFF Keystone Fund, L.P. (e)	<u>33,825,443</u>	-	Quarterly	180 days		
Total	<u>\$ 70,943,004</u>					
Assets at Fair Value at June 30, 2019						
Investments	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period		
Pooled Separate Accounts						
Equity Funds (a)	\$ 890,555	\$ -	Immediate	None	457b liability	
Bond Funds (b)	9,013	-	Immediate	None	457b liability	
Real Estate Funds (c)	46,365	-	One per calendar quarter	None	457b liability	
Mutual Funds						
TIFF Multi-Asset Fund (d)	35,331,991	-	Immediate	Up to 7 days		
Investment Partnerships						
TIFF Keystone Fund, L.P. (e)	<u>33,549,347</u>	-	Quarterly	180 days		
Total	<u>\$ 69,827,271</u>					

- (a) Investments in this category seek a favorable long-term rate of return through capital appreciation and investment income by investing primarily in a broadly diversified portfolio of foreign and domestic common stock.
- (b) Investments in this category seek high current income consistent with maintaining liquidity and preserving capital.
- (c) Investments in this category seek favorable long-term returns primarily through rental income and appreciation of real estate investments.
- (d) The fund seeks to achieve a total return that, over a majority of market cycles, exceeds the Consumer Price Index plus 5% per annum by employing a globally diversified portfolio. The fund rebalances segment weights in a manner designed to exploit capital markets' mean-reverting tendencies to the maximum extent in light of trading costs.
- (e) The fund's investment objective is to maximize annualized returns net of all costs over rolling 10-year periods while adhering to the Funds' risk parameters. The Fund expects to invest globally in multiple asset classes and in both publicly traded and privately placed securities, properties, and other assets, either directly or through investment funds, including private equity funds, private realty funds, natural resources funds, and hedge funds.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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JUNE 30, 2020 AND 2019**

NOTE 6 PROPERTY

Property, net, consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Leasehold Improvements	\$ 4,940,678	\$ 4,948,287
Less: Accumulated Amortization	(4,551,663)	(4,468,250)
Total	<u>\$ 389,015</u>	<u>\$ 480,037</u>

NOTE 7 FURNITURE AND EQUIPMENT

Furniture and equipment, net, consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Computer Equipment	\$ 2,035,948	\$ 1,983,367
Computer Software	7,678,016	7,587,646
Office Furniture	2,597,394	2,598,530
Office Equipment	505,097	542,250
Telephone Equipment	-	31,865
Total	<u>12,816,455</u>	<u>12,743,658</u>
Less: Accumulated Depreciation	<u>(9,306,226)</u>	<u>(7,935,998)</u>
Total Furniture and Equipment	<u>\$ 3,510,229</u>	<u>\$ 4,807,660</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$1,742,376 and \$1,866,639, respectively. Furniture and equipment includes computer software of approximately \$493,000 and \$475,000 at June 30, 2020 and 2019, respectively, which had not yet been placed in service.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$118,533 and \$266,498 at June 30, 2020 and 2019, respectively, are available for specific program and project expenses.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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JUNE 30, 2020 AND 2019**

NOTE 9 COMMITMENTS AND CONTINGENCIES

Building Lease

The Organization is party to a lease for office space in Philadelphia, Pennsylvania. The lease expires in January 2032 and contains options to extend the lease for three consecutive five-year renewal terms ending in January 2047. Approximate future minimum rental payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 2,396,867
2022	2,441,054
2023	2,712,633
2024	2,760,838
2025	2,809,042
Thereafter	84,405,525
Total	<u>\$ 97,525,959</u>

The lease contains scheduled rent increases. Deferred rent includes the accumulated straight-line rent expense calculated in accordance with accounting principles generally accepted in the United States of America in excess of actual cash payments. Rent expense for this lease was approximately \$3,392,000 in 2020 and \$2,887,000 in 2019.

Equipment Leases

The Organization leases copy center and other office equipment under various operating lease agreements. The leases expire at various times through June 2024. Approximate future minimum annual rental payments required under these leases are \$239,000.

Rent expense for these leases was approximately \$347,000 and \$366,000 in 2020 and 2019, respectively.

Deferred Compensation and Employment Contract

The Organization entered into a new employment agreement with a current key employee effective July 1, 2018. The former agreement expired June 30, 2018. The full term of the new agreement expires June 30, 2022. By providing one-year notice in advance, key employee may opt to terminate the agreement effective June 30, 2020 at their discretion. The terms of the agreement require the Organization to pay a base salary of at least \$688,000 per year. The key employee is also eligible for an annual incentive bonus based on performance as determined and approved by the board of directors.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Deferred Compensation and Employment Contract (Continued)

The Organization paid the key employee the deferred compensation liability established under the former agreement subsequent to June 30, 2018. The deferred compensation liability includes approximately \$289,000 and \$109,000 at June 30, 2020 and 2019, respectively, attributable to the provisions included in the employment contract with the employee. In accordance with the employee's new agreement, an unfunded deferred compensation account will be established on behalf of the employee and the Organization is required to credit the account based upon prescribed calculations included in the agreement.

The Organization has an unfunded deferred compensation plan for certain employees. The plan allows the group of employees to defer compensation on a tax-free basis up to statutory maximum limits. The Organization purchased participant directed investments related to the plan in the approximate amount of \$63,000 and \$43,000 during the years ended June 30, 2020 and 2019, respectively. No distributions were made to employees during the years ended June 30, 2020 and 2019. Deferred compensation liability includes approximately \$1,264,000 and \$946,000 at June 30, 2020 and 2019, respectively, attributable to the plan.

Pension Plan

The Organization makes contributions, on behalf of all employees who meet certain eligibility requirements, to employees' pension retirement accounts established under Section 403(b) of the Internal Revenue Code. The Organization contributes amounts equal to a percentage of participants' eligible salaries. Pension expense, including administrative fees, was approximately \$2,484,000 in 2020 and \$2,549,000 in 2019.

Litigation

The Organization is involved in various litigation matters deemed to be incidental to the conduct of its operations. In addition, from time to time the Organization determines that certain physicians may not be qualified for certification. The Organization has an internal appeal process through which such physicians may seek review of such determinations. In certain instances, physicians pursuing internal appeals of adverse certification determinations have threatened to bring legal action against the Organization. Although the ultimate outcome of these matters is often unknown, management is of the opinion that any liability that might ensue would not materially affect the Organization's financial position or the results of its activities.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTE 10 FUNCTIONAL EXPENSES

The cost of providing program and supporting services are summarized on a functional basis for the years ended June 30 as follows:

	2020			2019		
	Total Program Services	Management and Administrative	Total	Total Program Services	Management and Administrative	Total
Salaries	\$ 19,044,520	\$ 4,544,630	\$ 23,589,150	\$ 18,596,288	\$ 4,850,415	\$ 23,446,703
Payroll Taxes and Fringe Benefits	5,400,243	1,304,717	6,704,960	5,479,139	1,452,191	6,931,330
Legal Fees	748,682	189,794	938,476	1,043,186	270,609	1,313,795
Professional Fees	43,896	10,382	54,278	49,746	10,765	60,511
Consulting Fees	3,284,797	848,762	4,133,559	2,552,670	720,605	3,273,275
Committee Meetings	855,144	90,957	946,101	1,168,698	174,198	1,342,896
Occupancy	2,770,903	689,770	3,460,673	2,311,183	622,656	2,933,839
Office Expenses	199,788	51,440	251,228	286,446	80,499	366,945
Office Supplies	78,237	19,770	98,007	147,624	41,521	189,145
Printing	314,892	81,401	396,293	329,545	93,486	423,031
Equipment Lease and Maintenance	195,211	50,463	245,674	158,806	45,051	203,857
Telephone	103,869	26,851	130,720	127,368	36,132	163,500
Insurance	395,555	97,780	493,335	342,279	92,186	434,465
Program Expenses	12,367,475	-	12,367,475	12,485,375	-	12,485,375
Project Expenses	407,914	105,447	513,361	1,308,053	371,073	1,679,126
Temporary Staffing	150,543	38,916	189,459	266,471	75,594	342,065
Staffing Travel Expense	71,017	18,358	89,375	93,223	25,912	119,135
Other Staffing Expense	327,987	75,411	403,398	238,918	65,461	304,379
Depreciation and Amortization	1,384,482	357,894	1,742,376	1,454,127	412,512	1,866,639
Miscellaneous	309,597	78,990	388,587	245,844	68,588	314,432
Total	<u>\$ 48,454,752</u>	<u>\$ 8,681,733</u>	<u>\$ 57,136,485</u>	<u>\$ 48,684,989</u>	<u>\$ 9,509,454</u>	<u>\$ 58,194,443</u>

Certain categories of expense are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort. Program expenses are allocated based on actual.

**AMERICAN BOARD OF INTERNAL MEDICINE
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 2,080,735	\$ 63,753,785	\$ -	\$ 65,834,520
Accounts Receivable, Net	5,750	94,582	-	100,332
Grants Receivable	118,533	70,546	(70,546)	118,533
Due (To) from Affiliate	(63,967)	63,967	-	-
Investments, at Fair Value	69,678,731	2,195,087	-	71,873,818
Investments, at Fair Value, Deferred Compensation Plan	-	1,264,273	-	1,264,273
Prepaid Expenses	70,841	2,173,618	-	2,244,459
Property, Net	-	389,015	-	389,015
Furniture and Equipment, Net	-	3,510,229	-	3,510,229
Total Assets	<u>\$ 71,890,623</u>	<u>\$ 73,515,102</u>	<u>\$ (70,546)</u>	<u>\$ 145,335,179</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
LIABILITIES				
Accounts and Grants Payable and Accrued Expenses	\$ 419,450	\$ 814,617	\$ (70,546)	\$ 1,163,521
Accrued Compensation	379,823	5,213,789	-	5,593,612
Deferred Revenue:				
Certifying Examinations	-	34,900,630	-	34,900,630
Maintenance of Certification	-	51,332,130	-	51,332,130
Deferred Compensation	-	1,264,274	-	1,264,274
Deferred Rents	-	9,872,352	-	9,872,352
Total Liabilities	799,273	103,397,792	(70,546)	104,126,519
NET ASSETS (DEFICIT)				
Without Donor Restrictions	70,972,817	(29,953,235)	70,545	41,090,127
With Donor Restrictions	118,533	70,545	(70,545)	118,533
Total Net Assets (Deficit)	<u>71,091,350</u>	<u>(29,882,690)</u>	<u>-</u>	<u>41,208,660</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 71,890,623</u>	<u>\$ 73,515,102</u>	<u>\$ (70,546)</u>	<u>\$ 145,335,179</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 1,756,449	\$ 53,167,205	\$ -	\$ 54,923,654
Accounts Receivable, Net	26,953	649,176	-	676,129
Grants Receivable	266,498	71,028	(71,028)	266,498
Due (To) from Affiliate	(68,547)	68,547	-	-
Investments, at Fair Value	68,881,338	2,091,485	-	70,972,823
Investments, at Fair Value, Deferred Compensation Plan	-	945,933	-	945,933
Prepaid Expenses	42,087	1,606,710	-	1,648,797
Property, Net	-	480,037	-	480,037
Furniture and Equipment, Net	-	4,807,660	-	4,807,660
Total Assets	<u>\$ 70,904,778</u>	<u>\$ 63,887,781</u>	<u>\$ (71,028)</u>	<u>\$ 134,721,531</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
LIABILITIES				
Accounts and Grants Payable and Accrued Expenses	\$ 581,180	\$ 1,483,432	\$ (71,028)	\$ 1,993,584
Accrued Compensation	354,826	4,449,765	-	4,804,591
Deferred Revenue:				
Certifying Examinations	-	34,933,273	-	34,933,273
Maintenance of Certification	-	53,287,664	-	53,287,664
Deferred Compensation	-	935,269	-	935,269
Deferred Rents	-	8,927,719	-	8,927,719
Total Liabilities	936,006	104,017,122	(71,028)	104,882,100
NET ASSETS (DEFICIT)				
Without Donor Restrictions	69,702,274	(40,200,368)	71,027	29,572,933
With Donor Restrictions	266,498	71,027	(71,027)	266,498
Total Net Assets (Deficit)	<u>69,968,772</u>	<u>(40,129,341)</u>	<u>-</u>	<u>29,839,431</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 70,904,778</u>	<u>\$ 63,887,781</u>	<u>\$ (71,028)</u>	<u>\$ 134,721,531</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
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	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and Gains:				
Certification Exams:				
Internal Medicine	\$ -	\$ 16,608,068	\$ -	\$ 16,608,068
Subspecialties and Other	-	17,336,619	-	17,336,619
Credit Card Fees	-	(759,895)	-	(759,895)
Total Certification Exams	<u>-</u>	<u>33,184,792</u>	<u>-</u>	<u>33,184,792</u>
Maintenance of Certification Program:				
Examination	-	11,771,107	-	11,771,107
Program Fee	-	18,475,431	-	18,475,431
Credit Card Fees	-	(667,805)	-	(667,805)
Total Maintenance of Certification Program	<u>-</u>	<u>29,578,733</u>	<u>-</u>	<u>29,578,733</u>
Other Revenue:				
Investment Income, Net	4,082,354	342,966	-	4,425,320
Other Income	46,836	1,150,545	66,255	1,263,636
Total Other Revenue	<u>4,129,190</u>	<u>1,493,511</u>	<u>66,255</u>	<u>5,688,956</u>
Total Revenues and Gains	4,129,190	64,257,036	66,255	68,452,481
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>164,049</u>	<u>37,631</u>	<u>(482)</u>	<u>201,198</u>
Total Revenues, Gains and Other Support Without Donor Restrictions	4,293,239	64,294,667	65,773	68,653,679
OPERATING EXPENSES				
Operating Expenses	<u>3,022,696</u>	<u>54,047,534</u>	<u>66,255</u>	<u>57,136,485</u>
Total Operating Expenses	<u>3,022,696</u>	<u>54,047,534</u>	<u>66,255</u>	<u>57,136,485</u>
Change in Net Assets (Deficit) Without Donor Restrictions	1,270,543	10,247,133	(482)	11,517,194
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Grant Revenue	16,084	37,149	-	53,233
Net Assets Released from Restrictions	<u>(164,049)</u>	<u>(37,631)</u>	<u>482</u>	<u>(201,198)</u>
Change in Net Assets (Deficit) With Donor Restrictions	<u>(147,965)</u>	<u>(482)</u>	<u>482</u>	<u>(147,965)</u>
CHANGE IN NET ASSETS (DEFICIT)	1,122,578	10,246,651	-	11,369,229
Net Assets (Deficit) - Beginning of Year	<u>69,968,772</u>	<u>(40,129,341)</u>	<u>-</u>	<u>29,839,431</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 71,091,350</u>	<u>\$ (29,882,690)</u>	<u>\$ -</u>	<u>\$ 41,208,660</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
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YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and Gains				
Certification Exams:				
Internal Medicine	\$ -	\$ 15,285,376	\$ -	\$ 15,285,376
Subspecialties and Other	-	17,100,610	-	17,100,610
Credit Card Fees	-	(709,005)	-	(709,005)
Total Certification Exams	<u>-</u>	<u>31,676,981</u>	<u>-</u>	<u>31,676,981</u>
Maintenance of Certification Program:				
Examination	-	14,677,809	-	14,677,809
Program Fee	-	15,815,764	-	15,815,764
Credit Card Fees	-	(660,605)	-	(660,605)
Total Maintenance of Certification Program	<u>-</u>	<u>29,832,968</u>	<u>-</u>	<u>29,832,968</u>
Other Revenue:				
Investment Income, Net	3,254,940	459,631	-	3,714,571
Other Income	58,594	3,034,942	(1,742,625)	1,350,911
Total Other Revenue	<u>3,313,534</u>	<u>3,494,573</u>	<u>(1,742,625)</u>	<u>5,065,482</u>
Total Revenues and Gains	3,313,534	65,004,522	(1,742,625)	66,575,431
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>256,746</u>	<u>125,785</u>	<u>(91,907)</u>	<u>290,624</u>
Total Revenues, Gains and Other Support Without Donor Restrictions	3,570,280	65,130,307	(1,834,532)	66,866,055
OPERATING EXPENSES				
Operating Expenses	4,713,874	55,209,565	(1,742,625)	58,180,814
Loss on Disposal of Furniture and Equipment	-	13,629	-	13,629
Total Operating Expenses	<u>4,713,874</u>	<u>55,223,194</u>	<u>(1,742,625)</u>	<u>58,194,443</u>
Change in Net Assets (Deficit) Without Donor Restrictions	(1,143,594)	9,907,113	(91,907)	8,671,612
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Grant Revenue	15,813	33,878	-	49,691
Net Assets Released from Restrictions	<u>(256,746)</u>	<u>(125,785)</u>	<u>91,907</u>	<u>(290,624)</u>
Change in Net Assets (Deficit) With Donor Restrictions	<u>(240,933)</u>	<u>(91,907)</u>	<u>91,907</u>	<u>(240,933)</u>
CHANGE IN NET ASSETS (DEFICIT)	(1,384,527)	9,815,206	-	8,430,679
Net Assets (Deficit) - Beginning of Year	<u>71,353,299</u>	<u>(49,944,547)</u>	<u>-</u>	<u>21,408,752</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 69,968,772</u>	<u>\$ (40,129,341)</u>	<u>\$ -</u>	<u>\$ 29,839,431</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
SCHEDULE OF ABIM CHANGES IN NET ASSETS (DEFICIT)
WITHOUT DONOR RESTRICTIONS FROM OPERATIONS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Total ABIM	Certification	Maintenance of Certification	Other
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and Gains				
Certification Exams:				
Internal Medicine	\$ 16,608,068	\$ 16,608,068	\$ -	\$ -
Subspecialties and Other	17,336,619	17,336,619	-	-
Credit Card Fees	(759,895)	(759,895)	-	-
Total Certification Exams	<u>33,184,792</u>	<u>33,184,792</u>	-	-
Maintenance of Certification Program:				
Examination	11,771,107	-	11,771,107	-
Program Fee	18,475,431	-	18,475,431	-
Credit Card Fees	(667,805)	-	(667,805)	-
Total Maintenance of Certification Program	<u>29,578,733</u>	-	<u>29,578,733</u>	-
Other Revenue:				
Investment Income, Net	342,966	-	-	342,966
Other Income	1,150,545	493,588	18,200	638,757
Total Other Revenue	<u>1,493,511</u>	<u>493,588</u>	<u>18,200</u>	<u>981,723</u>
Total Revenues and Gains	64,257,036	33,678,380	29,596,933	981,723
Net Assets Released from Restrictions, Satisfaction of Program Restrictions				
	<u>37,631</u>	-	-	<u>37,631</u>
Total Revenues, Gains and Other Support Without Donor Restrictions	64,294,667	33,678,380	29,596,933	1,019,354
OPERATING EXPENSES				
Staff Expenses	29,122,993	-	-	29,122,993
Non Staff Expenses	24,924,541	8,510,149	3,269,942	13,144,450
Subtotal	<u>54,047,534</u>	<u>8,510,149</u>	<u>3,269,942</u>	<u>42,267,443</u>
Allocation to Program Services	-	17,525,093	15,401,245	(32,926,338)
Total Operating Expenses	<u>54,047,534</u>	<u>26,035,242</u>	<u>18,671,187</u>	<u>9,341,105</u>
Changes in Net Assets (Deficit) Without Donor Restrictions from Operations				
	<u>\$ 10,247,133</u>	<u>\$ 7,643,138</u>	<u>\$ 10,925,746</u>	<u>\$ (8,321,751)</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING SCHEDULE OF ADMINISTRATIVE, PROGRAM, AND PROJECT EXPENSES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
ADMINISTRATIVE EXPENSES			
Board of Directors, Including all Committee Activities	\$ 442,814	\$ 503,287	\$ 946,101
Insurance	476,033	17,302	493,335
Legal Services, General	923,994	14,482	938,476
Accounting Services	50,543	3,735	54,278
Payroll Services	28,844	-	28,844
Contributions and Tributes	106,897	-	106,897
Marketing	-	-	-
Consulting, Other	3,267,908	1,436	3,269,344
Publications and Subscriptions	105,381	-	105,381
Computer Services	835,373	-	835,373
Other	172,281	-	172,281
Total Administrative Expenses	<u>6,410,068</u>	<u>540,242</u>	<u>6,950,310</u>
PROGRAM AND PROJECT EXPENSES	<u>513,362</u>	<u>520,729</u>	<u>1,034,091</u>
Total	<u>\$ 6,923,430</u>	<u>\$ 1,060,971</u>	<u>\$ 7,984,401</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING SCHEDULE OF STAFF EXPENSES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
SALARIES			
Regular	\$ 21,937,329	\$ 1,428,336	\$ 23,365,665
Overtime	36,124	-	36,124
Voluntary Retirement Program Payment	151,675	35,686	187,361
Total Salaries	<u>22,125,128</u>	<u>1,464,022</u>	<u>23,589,150</u>
BENEFITS			
Payroll Taxes	1,546,306	86,092	1,632,398
Insurance	2,384,148	119,256	2,503,404
Pension	2,550,200	137,396	2,687,596
Tuition Reimbursement	17,440	2,875	20,315
Public Transportation Costs	147,334	7,440	154,774
Parking	43,907	-	43,907
Benefit Allocation	(337,434)	-	(337,434)
Total Benefits	<u>6,351,901</u>	<u>353,059</u>	<u>6,704,960</u>
OTHER STAFF EXPENSES			
Recruiting and Employment Agency Fees	185,951	-	185,951
Temporary Help	189,459	20,155	209,614
Meals and Lodging	89,375	394	89,769
Education	48,873	-	48,873
Other	132,306	15,719	148,025
Total Other Staff Expenses	<u>645,964</u>	<u>36,268</u>	<u>682,232</u>
 Total	 <u>\$ 29,122,993</u>	 <u>\$ 1,853,349</u>	 <u>\$ 30,976,342</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING SCHEDULE OF OFFICE EXPENSES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

OFFICE EXPENSES	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
Rent	\$ 3,312,505	\$ 94,851	\$ 3,407,356
Office Maintenance	18,994	-	18,994
Office Equipment	226,680	-	226,680
Office Supplies	96,250	529	96,779
Office Meetings	56	-	56
Duplicating	159,418	-	159,418
Telephone	130,720	-	130,720
Intranet/On-Line Services	103,214	-	103,214
Stationery and Printing	236,875	-	236,875
Courier/Mailings	10,142	1,228	11,370
Cleaning	117,554	-	117,554
Depreciation and Amortization	1,742,376	-	1,742,376
Payroll Services	6,923	-	6,923
Electricity	45,577	7,740	53,317
Other Expenses	13,545	4,030	17,575
	<u>\$ 6,220,829</u>	<u>\$ 108,378</u>	<u>\$ 6,329,207</u>
Total	<u>\$ 6,220,829</u>	<u>\$ 108,378</u>	<u>\$ 6,329,207</u>

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