

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

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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, 2019 and 2018, 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.

**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, 2019 and 2018, 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.

**Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, The American Board of Internal Medicine and Affiliated Foundation adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the consolidated financial statements. Our opinion is not modified with respect to that matter.

**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  
September 27, 2019

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
AND AFFILIATED FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 54,923,654	\$ 47,062,893
Accounts Receivable, Net	676,129	536,941
Grants Receivable	266,498	507,431
Investments, at Fair Value	70,972,823	71,797,187
Investments, at Fair Value, Deferred Compensation Plan	945,933	838,915
Prepaid Expenses	1,648,797	1,388,551
Property, Net	480,037	578,059
Furniture and Equipment, Net	<u>4,807,660</u>	<u>6,017,483</u>
Total Assets	<u><u>\$ 134,721,531</u></u>	<u><u>\$ 128,727,460</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts and Grants Payable and Accrued Expenses	\$ 4,564,005	\$ 3,741,692
Accrued Compensation	4,804,591	3,955,887
Deferred Revenue:		
Certifying Examinations	34,933,273	33,282,505
Maintenance of Certification	50,717,243	56,096,515
Deferred Compensation	935,269	1,514,413
Deferred Rents	<u>8,927,719</u>	<u>8,727,696</u>
Total Liabilities	104,882,100	107,318,708
<b>NET ASSETS</b>		
Without Donor Restrictions	29,572,933	20,901,321
With Donor Restrictions	<u>266,498</u>	<u>507,431</u>
Total Net Assets	<u><u>29,839,431</u></u>	<u><u>21,408,752</u></u>
Total Liabilities and Net Assets	<u><u>\$ 134,721,531</u></u>	<u><u>\$ 128,727,460</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
AND AFFILIATED FOUNDATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenues and Gains		
Certification Exams:		
Internal Medicine	\$ 15,285,376	\$ 14,479,945
Subspecialties and Other	17,100,610	15,816,858
Credit Card Fees	(709,005)	(653,718)
Total Certification Exams	<u>31,676,981</u>	<u>29,643,085</u>
Maintenance of Certification Program:		
Examination	14,677,809	6,592,898
Program Fee	15,815,764	17,748,740
Credit Card Fees	(660,605)	(525,223)
Total Maintenance of Certification Program	<u>29,832,968</u>	<u>23,816,415</u>
Other Revenue:		
Investment Income, Net	3,714,571	6,045,455
Other Income	1,350,911	671,330
Total Other Revenue	<u>5,065,482</u>	<u>6,716,785</u>
Total Revenues and Gains	66,575,431	60,176,285
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>290,624</u>	<u>1,373,620</u>
Total Revenues, Gains, and Other Support Without Donor Restrictions	66,866,055	61,549,905
<b>OPERATING EXPENSES</b>		
Operating Expenses	58,180,814	58,698,911
(Gain) Loss on Disposal and Abandonment of Furniture and Equipment	13,629	(3,768)
Total Operating Expenses	<u>58,194,443</u>	<u>58,695,143</u>
Change in Net Assets Without Donor Restrictions	8,671,612	2,854,762
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Grant Revenue	49,691	717,007
Net Assets Released from Restrictions	(290,624)	(1,373,620)
Change in Net Assets With Donor Restrictions	<u>(240,933)</u>	<u>(656,613)</u>
<b>CHANGE IN NET ASSETS</b>	8,430,679	2,198,149
Net Assets - Beginning of Fiscal Year	<u>21,408,752</u>	<u>19,210,603</u>
<b>NET ASSETS - END OF FISCAL YEAR</b>	<u>\$ 29,839,431</u>	<u>\$ 21,408,752</u>

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
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CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 8,430,679	\$ 2,198,149
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Reinvested Dividends	(1,911,175)	(3,028,793)
Unrealized (Gain) Loss on Investments, Net	(1,883,124)	568,885
Realized Loss on Sale of Investments, Net	476,899	(3,312,792)
(Gain) Loss on Abandonment and Disposal of Furniture and Equipment	13,629	(3,768)
Depreciation and Amortization	1,866,639	1,696,452
Deferred Compensation Expense	(686,162)	216,005
Deferred Rents	200,023	482,054
Change in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(139,188)	341,863
Grants Receivable	240,933	656,614
Prepaid Expenses	(260,246)	(160,899)
Increase (Decrease) in:		
Accounts and Grants Payable and Accrued Expenses	822,313	(144,729)
Accrued Compensation	848,704	110,048
Deferred Revenue	(3,728,504)	3,722,607
Net Cash Provided by Operating Activities	<u>4,291,420</u>	<u>3,341,696</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale and Maturities of Investments	4,202,560	7,068,357
Purchases of Investments	(60,796)	(119,623)
Proceeds from Sale of Property, Furniture, and Equipment	-	3,768
Purchases of Property, Furniture and Equipment	(572,423)	(2,834,352)
Net Cash Provided by Investing Activities	<u>3,569,341</u>	<u>4,118,150</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,860,761	7,459,846
Cash and Cash Equivalents - Beginning of Fiscal Year	<u>47,062,893</u>	<u>39,603,047</u>
<b>CASH AND CASH EQUIVALENTS - END OF FISCAL YEAR</b>	<u><u>\$ 54,923,654</u></u>	<u><u>\$ 47,062,893</u></u>

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
AND AFFILIATED FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**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  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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, 2019 and 2018, 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.

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**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, 2019 and 2018, 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  
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**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, 2019 would be realized on a straight-line basis over the next 12 months ending on December 31, 2019. 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 \$25,478,000 and \$26,260,000 as of June 30, 2019 and 2018, 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 \$25,239,000 and \$29,837,000 as of June 30, 2019 and 2018, 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  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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.

**New Accounting Pronouncements – ASU 2016-14**

During the year ended December 31, 2018, the Organization adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). Additional disclosures were added regarding liquidity and availability of resources and disclosures related to the functional allocation of expenses were expanded. The changes resulting from the adoption of ASU 2016-14 were applied retrospectively to ensure comparability with the prior year presented. The adoption of this accounting standard did not have an impact on the Organization's financial position or changes in its net assets.

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2018, and interim reporting periods within annual periods beginning after December 15, 2019. Management is evaluating the effect of the amended revenue recognition guidance on the entity's financial statements.

**Subsequent Events**

The Organization has evaluated its subsequent events through September 27, 2019, 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, 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:

Financial Assets at Year-End:	2019	2018
Cash and Cash Equivalents	\$ 54,923,654	\$ 47,062,893
Accounts Receivable, Net	676,129	536,941
Grants Receivable	266,498	507,431
Investments, at Fair Value	70,972,823	71,797,187
Financial Assets Available to Meet General Expenditures Within one Year	<u>\$ 126,839,104</u>	<u>\$ 119,904,452</u>



**THE AMERICAN BOARD OF INTERNAL MEDICINE  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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.

**NOTE 4 INVESTMENTS**

The investment portfolio consists of the following at June 30:

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	70,972,823	69,893,557
Money Market Funds	15,435,532	15,435,532
Subtotal	86,408,355	85,329,089
Less: Money Market Funds Reported as Cash	15,435,532	15,435,532
Total	<u>\$ 70,972,823</u>	<u>\$ 69,893,557</u>

Description	2018	
	Fair Value	Cost
Mutual Funds		
Short Term Corporate Bond Fund	\$ 1,982,869	\$ 1,986,652
TIFF Multi-Asset Fund	35,867,236	36,562,455
Other	460,839	434,592
Investment Partnerships		
TIFF Keystone Fund, L.P.	33,486,243	33,967,970
Subtotal	71,797,187	72,951,669
Money Market Funds	12,928,687	12,928,687
Subtotal	84,725,874	85,880,356
Less: Money Market Funds Reported as Cash	12,928,687	12,928,687
Total	<u>\$ 71,797,187</u>	<u>\$ 72,951,669</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
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**NOTE 4 INVESTMENTS (CONTINUED)**

Investment income, net, includes the following:

	2019	2018
Realized Gain (Loss) on Sale of Investments, Net	\$ (476,899)	\$ 3,312,792
Unrealized Gain (Loss) on Investments, Net	1,883,124	(568,885)
Interest and Dividends	2,308,346	3,301,548
Total	<u>\$ 3,714,571</u>	<u>\$ 6,045,455</u>

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

	2019	2018
Balance - Beginning	\$ 838,915	\$ 684,150
Employee Deferrals	43,459	54,220
Increase in Fair Value	63,559	100,545
Balance - Ending	<u>\$ 945,933</u>	<u>\$ 838,915</u>

**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.

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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2019.

*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.

*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



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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

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.

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, 2019 and 2018:

Assets at Fair Value at June 30, 2019				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Mutual Funds:				
Bond Funds	\$ 2,091,485	\$ -	\$ -	\$ 2,091,485
Equity Funds	-	-	-	-
Total Mutual Funds	<u>\$ 2,091,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,091,485</u>
Investments Measured at NAV (a)				69,827,271
Total Assets				<u>\$ 71,918,756</u>

<b>Liabilities</b>				
457(b) Plan Liability	<u>\$ -</u>	<u>\$ 945,933</u>	<u>\$ -</u>	<u>\$ 945,933</u>

Assets at Fair Value at June 30, 2018				
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Mutual Funds:				
Bond Funds	\$ 1,982,869	\$ -	\$ -	\$ 1,982,869
Equity Funds	460,839	-	-	460,839
Total Mutual Funds	<u>\$ 2,443,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,443,708</u>
Investments Measured at NAV (a)				70,192,394
Total Assets				<u>\$ 72,636,102</u>

<b>Liabilities</b>				
457(b) Plan Liability	<u>\$ -</u>	<u>\$ 838,915</u>	<u>\$ -</u>	<u>\$ 838,915</u>

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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

- (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.

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, 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)	33,549,347	-	Quarterly	180 days	
Total		<u>\$ 69,827,271</u>				

Assets at Fair Value at June 30, 2018						
Investments		Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period	
Pooled Separate Accounts						
Equity Funds	(a)	\$ 789,554	\$ -	Immediate	None	457b liability
Bond Funds	(b)	8,652	-	Immediate	None	457b liability
Real Estate Funds	(c)	40,709	-	One per calendar quarter	None	457b liability
Mutual Funds						
TIFF Multi-Asset Fund	(d)	35,867,236	-	Immediate	Up to 7 days	
Investment Partnerships						
TIFF Keystone Fund, L.P.	(e)	33,486,243	-	Quarterly	180 days	
Total		<u>\$ 70,192,394</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.

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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

(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.

**NOTE 6 PROPERTY**

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

	2019	2018
Leasehold Improvements	\$ 4,948,287	\$ 4,964,146
Less: Accumulated Amortization	(4,468,250)	(4,386,087)
Total	<u>\$ 480,037</u>	<u>\$ 578,059</u>

**NOTE 7 FURNITURE AND EQUIPMENT**

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

	2019	2018
Computer Equipment	\$ 1,983,367	\$ 2,087,417
Computer Software	7,587,646	7,341,623
Office Furniture	2,598,530	2,593,951
Office Equipment	542,250	873,802
Telephone Equipment	31,865	31,865
Total	12,743,658	12,928,658
Less: Accumulated Depreciation	(7,935,998)	(6,911,175)
Total Furniture and Equipment	<u>\$ 4,807,660</u>	<u>\$ 6,017,483</u>

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was \$1,866,639 and \$1,696,452, respectively. Furniture and equipment includes computer software of approximately \$475,000 and \$244,000 at June 30, 2019 and 2018, respectively, which had not yet been placed in service.

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of \$266,498 and \$507,431 at June 30, 2019 and 2018, respectively, are available for specific program and project expenses.

**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>
2020	\$ 2,352,680
2021	2,396,867
2022	2,441,054
2023	2,712,633
2024	2,760,838
Thereafter	87,214,567
Total	<u>\$ 99,878,639</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 \$2,887,000 in 2019 and \$3,189,000 in 2018.

**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 \$366,000 and \$400,000 in 2019 and 2018.

**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.

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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 \$109,000 and \$469,000 at June 30, 2019 and 2018 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 \$43,000 and \$54,000 during the years ended June 30, 2019 and 2018, respectively. No distributions were made to employees during the years ended June 30, 2019 and 2018. Deferred compensation liability includes approximately \$946,000 and \$839,000 at June 30, 2019 and 2018, 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 \$2,549,000 in 2019 and \$2,623,000 in 2018.

**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.

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**NOTE 10 FUNCTIONAL EXPENSES**

The cost of providing program and supporting services are summarized on a functional basis for the year ended June 30, 2019, as follows:

	2019			2018
	Total Program Services	Management and Administrative	Total	Total
Salaries	\$ 18,596,288	\$ 4,850,415	\$ 23,446,703	\$ 24,608,749
Payroll Taxes and Fringe Benefits	5,479,139	1,452,191	6,931,330	7,032,595
Legal Fees	1,043,186	270,609	1,313,795	550,316
Professional Fees	49,746	10,765	60,511	47,403
Consulting Fees	2,552,670	720,605	3,273,275	2,964,860
Committee Meetings	1,168,698	174,198	1,342,896	1,166,925
Occupancy	2,311,183	622,656	2,933,839	3,243,560
Office Expenses	286,446	80,499	366,945	393,727
Office Supplies	147,624	41,521	189,145	196,354
Printing	329,545	93,486	423,031	430,383
Equipment Lease and Maintenance	158,806	45,051	203,857	207,420
Telephone	127,368	36,132	163,500	176,467
Insurance	342,279	92,186	434,465	421,639
Program Expenses	12,485,375	-	12,485,375	12,241,477
Project Expenses	1,308,053	371,073	1,679,126	2,546,261
Temporary Staffing	266,471	75,594	342,065	51,377
Staffing Travel Expense	93,223	25,912	119,135	166,056
Other Staffing Expense	238,918	65,461	304,379	339,634
Depreciation and Amortization	1,454,127	412,512	1,866,639	1,696,452
Miscellaneous	245,844	68,588	314,432	213,488
Total	<u>\$ 48,684,989</u>	<u>\$ 9,509,454</u>	<u>\$ 58,194,443</u>	<u>\$ 58,695,143</u>

For the year ended June 30, 2018, operating expenses attributable to Program Services and Management and Administrative approximated \$48,402,727 and \$10,292,416, respectively.



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	Foundation	ABIM	Eliminations	Consolidated
<b>ASSETS</b>				
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>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts and Grants Payable and Accrued Expenses	\$ 581,180	\$ 4,053,853	\$ (71,028)	\$ 4,564,005
Accrued Compensation	354,826	4,449,765	-	4,804,591
Deferred Revenue:				
Certifying Examinations	-	34,933,273	-	34,933,273
Maintenance of Certification	-	50,717,243	-	50,717,243
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
<b>NET ASSETS (DEFICIT)</b>				
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>

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	Foundation	ABIM	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,532,973	\$ 44,529,920	\$ -	\$ 47,062,893
Accounts Receivable, Net	21,952	514,989	-	536,941
Grants Receivable	507,431	162,935	(162,935)	507,431
Due (To) from Affiliate	(2,217)	2,217	-	-
Investments, at Fair Value	69,353,479	2,443,708	-	71,797,187
Investments, at Fair Value, Deferred Compensation Plan	-	838,915	-	838,915
Prepaid Expenses	181,846	1,206,705	-	1,388,551
Property, Net	-	578,059	-	578,059
Furniture and Equipment, Net	-	6,017,483	-	6,017,483
Total Assets	<u>\$ 72,595,464</u>	<u>\$ 56,294,931</u>	<u>\$ (162,935)</u>	<u>\$ 128,727,460</u>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>				
<b>LIABILITIES</b>				
Accounts and Grants Payable and Accrued Expenses	\$ 969,031	\$ 2,935,596	\$ (162,935)	\$ 3,741,692
Accrued Compensation	273,134	3,682,753	-	3,955,887
Deferred Revenue:				
Certifying Examinations	-	33,282,505	-	33,282,505
Maintenance of Certification	-	56,096,515	-	56,096,515
Deferred Compensation	-	1,514,413	-	1,514,413
Deferred Rents	-	8,727,696	-	8,727,696
Total Liabilities	1,242,165	106,239,478	(162,935)	107,318,708
<b>NET ASSETS (DEFICIT)</b>				
Without Donor Restrictions	70,845,868	(50,107,481)	162,934	20,901,321
With Donor Restrictions	507,431	162,934	(162,934)	507,431
Total Net Assets (Deficit)	<u>71,353,299</u>	<u>(49,944,547)</u>	<u>-</u>	<u>21,408,752</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 72,595,464</u>	<u>\$ 56,294,931</u>	<u>\$ (162,935)</u>	<u>\$ 128,727,460</u>



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	Foundation	ABIM	Eliminations	Consolidated
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
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	-	31,676,981	-	31,676,981
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	-	29,832,968	-	29,832,968
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	3,313,534	3,494,573	(1,742,625)	5,065,482
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	256,746	125,785	(91,907)	290,624
Total Revenues, Gains and Other Support Without Donor Restrictions	3,570,280	65,130,307	(1,834,532)	66,866,055
<b>OPERATING EXPENSES</b>				
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	4,713,874	55,223,194	(1,742,625)	58,194,443
Change in Net Assets (Deficit) Without Donor Restrictions	(1,143,594)	9,907,113	(91,907)	8,671,612
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Grant Revenue	15,813	33,878	-	49,691
Net Assets Released from Restrictions	(256,746)	(125,785)	91,907	(290,624)
Change in Net Assets (Deficit) With Donor Restrictions	(240,933)	(91,907)	91,907	(240,933)
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(1,384,527)	9,815,206	-	8,430,679
Net Assets (Deficit) - Beginning of Year	71,353,299	(49,944,547)	-	21,408,752
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<b>\$ 69,968,772</b>	<b>\$ (40,129,341)</b>	<b>\$ -</b>	<b>\$ 29,839,431</b>

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	Foundation	ABIM	Eliminations	Consolidated
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Revenues and Gains				
Certification Exams:				
Internal Medicine	\$ -	\$ 14,479,945	\$ -	\$ 14,479,945
Subspecialties and Other	-	15,816,858	-	15,816,858
Credit Card Fees	-	(653,718)	-	(653,718)
Total Certification Exams	-	29,643,085	-	29,643,085
Maintenance of Certification Program:				
Examination	-	6,592,898	-	6,592,898
Program Fee	-	17,748,740	-	17,748,740
Credit Card Fees	-	(525,223)	-	(525,223)
Total Maintenance of Certification Program	-	23,816,415	-	23,816,415
Other Revenue:				
Investment Income, Net	5,817,258	228,197	-	6,045,455
Other Income	24,909	5,074,722	(4,428,301)	671,330
Total Other Revenue	5,842,167	5,302,919	(4,428,301)	6,716,785
Total Revenues and Gains	5,842,167	58,762,419	(4,428,301)	60,176,285
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	1,345,850	97,827	(70,057)	1,373,620
Total Revenues, Gains and Other Support Without Donor Restrictions	7,188,017	58,860,246	(4,498,358)	61,549,905
<b>OPERATING EXPENSES</b>				
Operating Expenses	7,327,702	55,799,510	(4,428,301)	58,698,911
Gain on Disposal of Furniture and Equipment	-	(3,768)	-	(3,768)
Total Operating Expenses	7,327,702	55,795,742	(4,428,301)	58,695,143
Change in Net Assets (Deficit) Without Donor Restrictions	(139,685)	3,064,504	(70,057)	2,854,762
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>				
Grant Revenue	689,237	27,770	-	717,007
Net Assets Released from Restrictions	(1,345,850)	(97,827)	70,057	(1,373,620)
Change in Net Assets (Deficit) With Donor Restrictions	(656,613)	(70,057)	70,057	(656,613)
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(796,298)	2,994,447	-	2,198,149
Net Assets (Deficit) - Beginning of Year	72,149,597	(52,938,994)	-	19,210,603
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ 71,353,299</u>	<u>\$ (49,944,547)</u>	<u>\$ -</u>	<u>\$ 21,408,752</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, 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Total ABIM	Certification	Maintenance of Certification	Other
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
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	31,676,981	31,676,981	-	-
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	29,832,968	-	29,832,968	-
Other Revenue:				
Investment Income, Net	459,631	-	-	459,631
Other Income	3,034,942	365,368	22,000	2,647,574
Total Other Revenue	3,494,573	365,368	22,000	3,107,205
Total Revenues and Gains	65,004,522	32,042,349	29,854,968	3,107,205
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	125,785	-	-	125,785
Total Revenues, Gains and Other Support Without Donor Restrictions	65,130,307	32,042,349	29,854,968	3,232,990
<b>OPERATING EXPENSES</b>				
Staff Expenses	29,275,157	-	-	29,275,157
Non Staff Expenses	25,948,037	8,676,346	3,548,650	13,723,041
Subtotal	55,223,194	8,676,346	3,548,650	42,998,198
Allocation to Program Services	-	17,339,646	16,155,950	(33,495,596)
Total Operating Expenses	55,223,194	26,015,992	19,704,600	9,502,602
Changes in Net Assets (Deficit) Without Donor Restrictions from Operations	\$ 9,907,113	\$ 6,026,357	\$ 10,150,368	\$ (6,269,612)

**THE AMERICAN BOARD OF INTERNAL MEDICINE  
AND AFFILIATED FOUNDATION  
CONSOLIDATING SCHEDULE OF ADMINISTRATIVE, PROGRAM, AND PROJECT EXPENSES  
YEAR ENDED JUNE 30, 2019  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
<b>ADMINISTRATIVE EXPENSES</b>			
Board of Directors, Including all Committee Activities	\$ 788,254	\$ 554,642	\$ 1,342,896
Insurance	417,146	17,319	434,465
Legal Services, General	1,224,522	89,273	1,313,795
Accounting Services	48,714	6,559	55,273
Payroll Services	33,708	-	33,708
Marketing	15,951	-	15,951
Consulting, Other	2,304,571	12,499	2,317,070
Publications and Subscriptions	103,620	2,680	106,300
Foundation Activities	91,908	-	91,908
Computer Services	922,497	5,238	927,735
Other	27,677	-	27,677
Total Administrative Expenses	<u>5,978,568</u>	<u>688,210</u>	<u>6,666,778</u>
<b>PROGRAM AND PROJECT EXPENSES</b>	<u>1,679,126</u>	<u>2,035,598</u>	<u>3,714,724</u>
Total	<u><u>\$ 7,657,694</u></u>	<u><u>\$ 2,723,808</u></u>	<u><u>\$ 10,381,502</u></u>

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

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
<b>SALARIES</b>			
Regular	\$ 21,671,950	\$ 1,498,321	\$ 23,170,271
Overtime	60,442	-	60,442
Voluntary Retirement Program Payment	215,990	-	215,990
Total Salaries	<u>21,948,382</u>	<u>1,498,321</u>	<u>23,446,703</u>
<b>BENEFITS</b>			
Payroll Taxes	1,527,398	80,743	1,608,141
Insurance	2,630,947	124,344	2,755,291
Pension	2,554,120	144,363	2,698,483
Tuition Reimbursement	27,907	2,750	30,657
Public Transportation Costs	176,130	7,680	183,810
Parking	36,021	210	36,231
Benefit Allocation	(381,283)	-	(381,283)
Total Benefits	<u>6,571,240</u>	<u>360,090</u>	<u>6,931,330</u>
<b>OTHER STAFF EXPENSES</b>			
Recruiting and Employment Agency Fees	46,051	1,500	47,551
Temporary Help	342,065	-	342,065
Meals and Lodging	117,254	3,761	121,015
Education	161,886	-	161,886
Other	88,279	2,902	91,181
Total Other Staff Expenses	<u>755,535</u>	<u>8,163</u>	<u>763,698</u>
Total	<u><u>\$ 29,275,157</u></u>	<u><u>\$ 1,866,574</u></u>	<u><u>\$ 31,141,731</u></u>

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

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
<b>OFFICE EXPENSES</b>			
Rent	\$ 2,788,756	\$ 106,922	\$ 2,895,678
Office Maintenance	36,692	-	36,692
Office Equipment	167,165	-	167,165
Office Supplies	187,886	303	188,189
Office Meetings	192	-	192
Duplicating	180,737	-	180,737
Telephone	163,500	-	163,500
Intranet/On-Line Services	124,121	-	124,121
Stationery and Printing	242,294	-	242,294
Courier/Mailings	15,817	956	16,773
Cleaning	146,272	-	146,272
Depreciation and Amortization	1,866,639	-	1,866,639
Miscellaneous Services	912	-	912
Payroll Services	47,031	-	47,031
Electricity	53,787	9,364	63,151
Travel	-	1,881	1,881
Other Expenses	29,920	4,066	33,986
	<u>\$ 6,051,721</u>	<u>\$ 123,492</u>	<u>\$ 6,175,213</u>
Total	<u>\$ 6,051,721</u>	<u>\$ 123,492</u>	<u>\$ 6,175,213</u>