

CONSOLIDATED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018**

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

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the American Association for the Study of Liver Diseases (the Association) and the American Association for the Study of Liver Diseases Foundation (the AASLD Foundation), collectively, the Organizations, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2019, and the consolidated change in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organizations' 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on pages 23 - 24, Consolidating Schedule of Activities on page 25 and Consolidating Schedule of Change in Net Assets on page 26, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



September 25, 2019

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,446,469	\$ 3,051,743
Investments	43,803,598	41,308,268
Contributions receivable, current portion	869,875	2,081,875
Accounts receivable	818,573	710,624
Prepaid expenses	<u>744,615</u>	<u>492,670</u>
Total current assets	<u>48,683,130</u>	<u>47,645,180</u>
FIXED ASSETS		
Office condominium	8,451,189	8,451,189
Furniture and equipment	<u>1,151,687</u>	<u>1,096,203</u>
	9,602,876	9,547,392
Less: Accumulated depreciation	<u>(3,590,579)</u>	<u>(3,165,754)</u>
Net fixed assets	<u>6,012,297</u>	<u>6,381,638</u>
OTHER ASSETS		
Contributions receivable, net of current portion and present value discount	1,118,033	1,336,195
Deposits	<u>137,025</u>	<u>46,534</u>
Total other assets	<u>1,255,058</u>	<u>1,382,729</u>
TOTAL ASSETS	<u>\$ 55,950,485</u>	<u>\$ 55,409,547</u>

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 906,265	\$ 1,185,932
Deferred revenue:		
Membership dues	1,024,586	912,964
Meeting registrations and exhibits	818,410	1,007,090
Awards payable	<u>5,968,130</u>	<u>5,311,500</u>
Total current liabilities	<u>8,717,391</u>	<u>8,417,486</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	28,432,347	30,421,467
Board designated	<u>9,071,211</u>	<u>7,950,868</u>
Total net assets without donor restrictions	37,503,558	38,372,335
With donor restrictions	<u>9,729,536</u>	<u>8,619,726</u>
Total net assets	<u>47,233,094</u>	<u>46,992,061</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 55,950,485</u>	 <u>\$ 55,409,547</u>

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

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>2019</u>			<u>2018</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
REVENUE AND SUPPORT				
Annual Meeting	\$ 8,693,653	\$ 25,000	\$ 8,718,653	\$ 7,970,745
Research and Fellowship Awards	899,760	4,461,349	5,361,109	2,189,314
Meetings and Education	1,229,529	-	1,229,529	1,014,679
Membership Dues	1,639,492	-	1,639,492	1,589,109
Professional Relations	261,537	-	261,537	200,608
Publications and AASLD Journals	2,762,865	-	2,762,865	2,548,165
Contributions	162,947	-	162,947	161,750
Contributed services	10,000	-	10,000	40,000
Other	4,463	-	4,463	-
Net assets released from donor restrictions	<u>2,828,914</u>	<u>(2,828,914)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>18,493,160</u>	<u>1,657,435</u>	<u>20,150,595</u>	<u>15,714,370</u>
EXPENSES				
Program Services:				
Annual Meeting	4,910,339	-	4,910,339	4,155,373
Awards	4,199,760	-	4,199,760	4,644,819
Clinical and Public Policies	-	-	-	387,575
Marketing and Communications	978,968	-	978,968	872,513
Meetings and Education	2,546,704	-	2,546,704	2,621,305
Membership	1,005,942	-	1,005,942	1,009,571
AMS	123,899	-	123,899	110,543
Professional Relations	1,559,173	-	1,559,173	1,233,515
Publications, AASLD Journals	2,307,180	-	2,307,180	2,180,671
Public Policy	408,970	-	408,970	-
Emerging Liver Scholars and Mentorship	286,135	-	286,135	217,469
Fundamentals of Liver Disease	31,234	-	31,234	70,988
Public Awareness	78,048	-	78,048	93,462
Strategic Planning	<u>65,968</u>	<u>-</u>	<u>65,968</u>	<u>124,357</u>
Total program services	<u>18,502,320</u>	<u>-</u>	<u>18,502,320</u>	<u>17,722,161</u>
Supporting Services:				
Leadership and Administration	2,238,966	-	2,238,966	2,075,277
Fundraising	<u>714,283</u>	<u>-</u>	<u>714,283</u>	<u>752,769</u>
Total supporting services	<u>2,953,249</u>	<u>-</u>	<u>2,953,249</u>	<u>2,828,046</u>
Total expenses	<u>21,455,569</u>	<u>-</u>	<u>21,455,569</u>	<u>20,550,207</u>
Change in net assets before other items	(2,962,409)	1,657,435	(1,304,974)	(4,835,837)
OTHER ITEMS				
Investment income	2,093,632	251,736	2,345,368	2,859,920
Cancellation of award	<u>-</u>	<u>(799,361)</u>	<u>(799,361)</u>	<u>-</u>
Change in net assets	(868,777)	1,109,810	241,033	(1,975,917)
Net assets at beginning of year	<u>38,372,335</u>	<u>8,619,726</u>	<u>46,992,061</u>	<u>48,967,978</u>
NET ASSETS AT END OF YEAR	<u>\$ 37,503,558</u>	<u>\$ 9,729,536</u>	<u>\$ 47,233,094</u>	<u>\$ 46,992,061</u>

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019									
	Program Services									
	Annual Meeting	Awards	Marketing and Communications	Meetings and Education	Membership	AMS	Professional Relations	Publications, AASLD Journals	Public Policy	Emerging Liver Scholars and Mentorship
Advertising	\$ 6,457	\$ -	\$ 195	\$ 11,968	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency temporary	63,945	-	-	51,950	2,968	-	-	-	-	-
Audio visual	905,027	15,272	-	147,572	5,871	-	10,098	7,168	6,801	7,070
Awards	4,500	3,476,625	-	12,500	1,458	-	63,996	-	-	5,000
Bank and credit card charges	178,172	-	-	50	82,937	-	300	150	-	-
Contributions	2,000	-	-	-	-	-	19,342	-	-	-
Depreciation and amortization	22,526	9,228	11,435	25,703	12,341	1,168	9,126	17,620	1,402	188
Design services	-	-	-	-	6,338	-	-	-	-	-
Editor's office expenses	-	-	-	-	-	-	-	-	-	-
Equipment rental	1,704	-	-	12,374	-	-	-	-	-	-
Exhibit hall	-	-	-	18,061	11,226	-	25,017	-	-	-
Food and beverage	822,172	70,739	628	320,834	85,279	-	30,249	44,410	12,034	17,998
Honoraria	51,750	-	-	31,500	8,250	-	14,000	555,950	-	-
In-kind expenses	6,000	-	-	-	-	-	-	-	-	-
Insurance	36,205	-	-	-	-	-	-	-	-	-
Maintenance and repairs	1,425	556	677	1,553	759	75	496	1,046	72	10
Marketing expenses	242,582	24,609	63,061	34,699	24,771	-	5,731	3,105	58	12,867
Meeting services	486,469	11,646	1,416	8,351	5,249	-	6,582	269	255	6,944
Membership dues	-	149	305	2,345	-	-	-	-	13,250	-
Office condominium expenses	143,345	59,224	73,241	165,269	79,831	7,505	56,430	112,249	8,545	1,076
Outside storage	-	-	-	-	-	-	-	-	-	-
Postage and delivery	16,541	30,747	281	12,856	8,115	-	29,250	233	93	51,937
Printing and duplicating	47,205	636	89	2,934	12,192	-	-	62,807	69	94
Professional services	493,474	-	214,643	170,064	9,813	58,309	587,120	194,739	198,566	-
Publishers fees	-	-	-	-	-	-	-	415,000	-	-
Recruitment	-	95	407	1,116	1,567	-	-	-	-	-
Registration and fees	-	-	-	380	-	-	-	-	-	-
Registration bags	37,986	-	-	-	-	-	-	-	-	-
Revenue sharing	43,901	-	-	-	-	-	-	-	-	-
Salaries and benefits	968,305	400,202	497,702	1,120,091	536,225	50,396	393,547	766,036	60,366	8,262
Software	63,064	26,740	86,118	76,295	35,325	3,490	27,024	53,012	16,790	450
Staff development and recognition	-	330	7,904	9,686	11,771	2,074	1,198	4,502	-	-
Stationery and supplies	2,473	-	4,829	2,894	1,046	481	2,086	1,726	-	211
Stipend	-	-	-	-	-	-	-	-	-	-
Subscriptions and books	-	-	1,706	270	-	-	-	-	-	-
Telephone and fax	115,849	4,743	3,886	17,463	6,212	401	6,157	8,436	1,727	140
Travel	147,262	68,219	10,445	287,926	56,398	-	271,424	58,722	88,942	173,888
TOTAL	\$ 4,910,339	\$ 4,199,760	\$ 978,968	\$ 2,546,704	\$ 1,005,942	\$ 123,899	\$ 1,559,173	\$ 2,307,180	\$ 408,970	\$ 286,135

See accompanying notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019 (Continued)						2018		
	Program Services (Continued)			Supporting Services			Total	Total	
Fundamentals of Liver Disease	Public Awareness	Strategic Planning	Total Program Services	Leadership and Administration	Fundraising	Supporting Services	Expenses	Expenses	
Advertising	\$ -	\$ -	\$ -	\$ 18,620	\$ -	\$ -	\$ -	\$ 18,620	\$ 19,479
Agency temporary	-	-	-	118,863	-	31,261	31,261	150,124	102,370
Audio visual	-	1,378	-	1,106,257	35,325	4,175	39,500	1,145,757	1,020,665
Awards	-	-	-	3,564,079	2,543	-	2,543	3,566,622	4,332,258
Bank and credit card charges	-	-	-	261,609	2,147	-	2,147	263,756	221,084
Contributions	-	-	-	21,342	50,000	-	50,000	71,342	17,000
Depreciation and amortization	377	596	629	112,339	22,812	4,924	27,736	140,075	95,060
Design services	-	-	-	6,338	-	-	-	6,338	7,819
Editor's office expenses	-	-	-	-	-	-	-	-	5,458
Equipment rental	-	-	-	14,078	-	-	-	14,078	12,576
Exhibit hall	-	-	-	54,304	-	-	-	54,304	79,244
Food and beverage	-	-	799	1,405,142	80,304	3,721	84,025	1,489,167	1,173,036
Honoraria	-	-	-	661,450	-	-	-	661,450	686,350
In-kind expenses	-	-	-	6,000	-	-	-	6,000	11,100
Insurance	-	-	-	36,205	-	-	-	36,205	32,751
Maintenance and repairs	28	43	52	6,792	1,409	311	1,720	8,512	11,448
Marketing expenses	7,182	11,944	-	430,609	14,822	21,725	36,547	467,156	371,276
Meeting services	-	7,811	-	534,992	29,122	15,489	44,611	579,603	557,503
Membership dues	-	-	-	16,049	4,862	-	4,862	20,911	20,103
Office condominium expenses	2,598	4,113	4,611	718,037	185,458	31,922	217,380	935,417	970,003
Outside storage	-	-	-	-	2,888	-	2,888	2,888	3,253
Postage and delivery	303	589	-	150,945	6,875	1,522	8,397	159,342	95,846
Printing and duplicating	-	-	-	126,026	714	1,611	2,325	128,351	143,682
Professional services	3,250	24,696	30,000	1,984,674	291,161	333,348	624,509	2,609,183	2,595,961
Publishers fees	-	-	-	415,000	-	-	-	415,000	447,200
Recruitment	-	-	-	3,185	98,188	-	98,188	101,373	2,960
Registration and fees	-	-	-	380	-	-	-	380	2,365
Registration bags	-	-	-	37,986	-	-	-	37,986	32,248
Revenue sharing	-	-	-	43,901	-	-	-	43,901	34,811
Salaries and benefits	16,284	25,126	27,741	4,870,283	993,743	212,933	1,206,676	6,076,959	5,425,519
Software	1,085	1,535	1,881	392,809	69,413	14,268	83,681	476,490	448,973
Staff development and recognition	-	-	-	37,465	25,244	-	25,244	62,709	54,895
Stationery and supplies	-	-	-	15,746	4,939	1,023	5,962	21,708	48,651
Stipend	-	-	-	-	120,000	-	120,000	120,000	112,500
Subscriptions and books	-	-	-	1,976	678	-	678	2,654	2,678
Telephone and fax	127	217	220	165,578	15,032	2,551	17,583	183,161	198,229
Travel	-	-	35	1,163,261	181,287	33,499	214,786	1,378,047	1,153,853
TOTAL	\$ 31,234	\$ 78,048	\$ 65,968	\$ 18,502,320	\$ 2,238,966	\$ 714,283	\$ 2,953,249	\$ 21,455,569	\$ 20,550,207

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 241,033	\$ (1,975,917)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	424,825	345,244
Unrealized gain	(1,267,804)	(1,473,245)
Realized gain and capital gains	(25,951)	(189,876)
Contributions restricted in perpetuity	(147,750)	-
Change in net present value discount for contributions receivable	60,301	127,256
Decrease (increase) in:		
Contributions receivable	1,369,861	(744,375)
Accounts receivable	(107,949)	(134,342)
Prepaid expenses	(251,945)	(116,826)
Deposits	(90,491)	8,175
(Decrease) increase in:		
Accounts payable and accrued expenses	(279,667)	214,661
Deferred revenue:		
Membership dues	111,622	(66,690)
Meeting registrations and exhibits	(188,680)	31,985
Awards payable	<u>656,630</u>	<u>1,902,000</u>
Net cash provided (used) by operating activities	<u>504,035</u>	<u>(2,071,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(55,484)	(610,224)
Purchase of investments	(12,806,649)	(1,196,763)
Proceeds from sale of investments	<u>11,605,074</u>	<u>8,805,218</u>
Net cash (used) provided by investing activities	<u>(1,257,059)</u>	<u>6,998,231</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	-	(5,063,354)
Contributions restricted in perpetuity	<u>147,750</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>147,750</u>	<u>(5,063,354)</u>
Net decrease in cash and cash equivalents	(605,274)	(137,073)
Cash and cash equivalents at beginning of year	<u>3,051,743</u>	<u>3,188,816</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,446,469</u>	<u>\$ 3,051,743</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ -</u>	<u>\$ 68,842</u>

See accompanying notes to consolidated financial statements.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

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

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

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

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

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

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

The financial statements of the Association and the AASLD Foundation (collectively, the Organizations), have been consolidated because they are under common control and the Association has an economic interest in the AASLD Foundation. All intercompany transactions have been eliminated in consolidation. The consolidated statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organizations' consolidated financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Cash and cash equivalents -

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Cash and cash equivalents (continued) -

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

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, and unrealized and realized gains and losses are included in investment income in the Consolidated Statement of Activities and Change in Net Assets, net of investment custodian fees.

Contributions receivable -

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2019, all contributions receivable are deemed by management to be fully collectible; therefore, no allowance for doubtful accounts has been established.

Accounts receivable -

Accounts receivable consists primarily of amounts due to the Organizations for DDW registration income earned but not received and relinquished grant funds from award recipients. As of June 30, 2019, all receivables are deemed by management to be fully collectible; therefore, no allowance for doubtful accounts has been established. Accounts receivable are expected to be collected within a period of one-year.

Fixed assets -

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

Depreciation of furniture and equipment of \$140,075 is reported as depreciation expense in the Consolidated Statement of Functional Expenses. Depreciation expense on the office condominium in the amount of \$284,750 is included in office condominium expenses.

Impairment of long-lived assets -

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Deferred revenue -

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

Awards payable -

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

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions." Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in "net assets with donor restrictions," depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organizations are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Awards expenses include Research and Travel Awards as well as supporting expenses such as awards marketing, advertising and promotions, research awards committee travels and meeting expenses and staff time supporting the awards. The Emerging Liver Scholars program represents the direct expenses and the Association funds up to \$100,000. All other costs related to this program are under the Association.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Use of estimates -

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

Income taxes -

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

The Association is required to report unrelated business income to the Internal Revenue Service and the appropriate state taxing authorities. The Association leases office space to one unaffiliated tenant. This activity is considered to be unrelated business activity under Internal Revenue Service regulations. Defined net income from these operations is taxable. To date, there has been a loss from unrelated business activities. As of June 30, 2019, there were net operating loss carry forwards of approximately \$1,500,000. No deferred tax asset has been recognized due to uncertainty regarding realization. The net operating losses expire between 2031 and 2036.

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

Uncertain tax positions -

For the year ended June 30, 2019, the Organizations have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Advertising -

The Organizations expense advertising costs when incurred. For the year ended June 30, 2019, \$18,620 of advertising costs were incurred.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Risks and uncertainties -

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

Fair value measurement -

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

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$38,372,335 are now classified as "net assets without donor restrictions." Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of \$3,870,921 and \$4,748,805, respectively, are now classified as "net assets with donor restrictions."

New accounting pronouncements (adopted July 1, 2019) -

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

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

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

New accounting pronouncements (adopted July 1, 2019) (continued) -

The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organizations have not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

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

2. INVESTMENTS

Investments, at fair value, consisted of the following at June 30, 2019:

	<u>AASLD Endowments</u>	<u>AASLD Reserve</u>	<u>Foundation Investments</u>	<u>Total Investments</u>
Money Market Funds	\$ 173,796	\$ 577,250	\$ 551,323	\$ 1,302,369
Mutual Funds:				
Domestic Large Cap Value and Growth	2,027,433	6,039,922	4,948,230	13,015,585
Domestic Small Cap Value and Growth	199,668	603,476	497,356	1,300,500
Fixed income	2,556,931	7,498,957	6,294,009	16,349,897
International Developed Equity	1,533,272	4,515,690	3,749,165	9,798,127
Emerging Market Equity	<u>318,201</u>	<u>940,179</u>	<u>778,740</u>	<u>2,037,120</u>
TOTAL INVESTMENTS	<u>\$ 6,809,301</u>	<u>\$ 20,175,474</u>	<u>\$ 16,818,823</u>	<u>\$ 43,803,598</u>

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

Investment income consisted of the following for the year ended June 30, 2019:

Interest and dividends	\$ 1,061,934
Unrealized gain	1,267,804
Realized gain and capital gains	<u>25,951</u>
	2,355,689
Less: Investment custodian fees	<u>(10,321)</u>
TOTAL INVESTMENT INCOME, NET	<u>\$ 2,345,368</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

3. CONTRIBUTIONS RECEIVABLE

Contributions due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 0.010% - 5.5%.

Contributions are due as follows at June 30, 2019:

Less than one year	\$ 869,875
One to five years	<u>1,323,000</u>
 Total	 2,192,875
Less: Allowance to discount balance to present value	<u>(204,967)</u>
 CONTRIBUTIONS RECEIVABLE, NET	 <u>\$ 1,987,908</u>

4. NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2019, net assets have been designated by the Governing Board and the Board of Trustees for the following purposes:

Undesignated	\$ 28,432,347
AASLD Foundation Board designated endowment	2,634,350
AASLD Foundation Board designated for research awards	500,000
Association Board designated funds:	
Building Infrastructure Fund	500,000
State of the Art - Starzl	4,150
Basic Science Single Topic Conference	1,331,475
Clinical Single Topic Conference	1,810,185
Emerging Trends/Single Topic Conference	<u>2,291,051</u>
 TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>\$ 37,503,558</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019:

Subject to expenditure for specified purpose:	
Accumulated Endowment Earnings - Annual Meeting and Meetings and Education	\$ 1,009,884
Foundation Accumulated Endowment Earnings	384,044
Research and Fellowship Awards	3,414,033
Memorial Travel Awards	25,020
Endowment contributions to be invested in perpetuity	<u>4,896,555</u>
 TOTAL NET ASSETS WITH DONOR RESTRICTIONS	 <u>\$ 9,729,536</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

The following net assets were released from donor restrictions, for the year ended June 30, 2019, by incurring expenses, which satisfied the restricted purposes specified by the donors:

Annual Meeting and Meetings and Education	\$ 394,863
Research and Fellowship Awards	2,374,051
Accumulated Endowment Earnings	<u>60,000</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,828,914</u>

7. LIQUIDITY AND AVAILABILITY

Liquid financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 2,446,469
Investments	43,803,598
Contributions receivable	1,987,908
Accounts receivable	<u>818,573</u>
Subtotal financial assets available	49,056,548
Less: Donor restricted funds	(9,729,536)
Less: Board-designated funds	<u>(9,071,211)</u>
LIQUID FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 30,255,801</u>

The Organizations have a policy to structure their financial assets to be available and liquid as their obligations become due. As of June 30, 2019, the Organizations have financial assets equal to approximately 17 months of average annual expenses. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

8. GRANT FUNDS REDUCED BY FUNDER

During the year ended June 30, 2019, a donor withdrew funding from a grant awarded in 2012. As a result, the accounts receivable and net assets with restrictions were reduced by \$799,361 which is reflected as an other item in the accompanying Consolidated Statement of Activities and Change in Net Assets.

9. RELATED PARTIES

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

9. RELATED PARTIES (Continued)

As of June 30, 2019, the Association owed the AASLD Foundation \$60,807, net of receivables, as a result of these activities. During the fiscal year 2019, the Association contributed \$1,175,460 to AASLD Foundation to help support their activities during the year. In addition, the Association donated \$55,000 received from in-kind contributions for honoraria and stipends to the AASLD Foundation. These amounts have been eliminated in consolidation.

10. RETIREMENT PLAN

The Association maintains a 403(b) plan, covering all full-time employees who have met the eligibility requirements of the Plan, which is one-year of service. The Association contributes ten percent of eligible employees' gross salaries to the Plan. Contributions for the year ended June 30, 2019 totaled \$421,759.

11. COMMITMENTS AND CONTINGENCIES

Royalty contracts -

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

Future contracts -

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

12. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organizations have categorized their financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

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

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

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12. FAIR VALUE MEASUREMENT (Continued)

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

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

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

- *Money Market Funds* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and deemed to be actively traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organizations are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organizations are deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, the Organizations' investments as of June 30, 2019:

Asset Class - Investments:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 1,302,369	\$ -	\$ -	\$ 1,302,369
Mutual Funds:				
Domestic Large Cap Value and Growth	13,015,585	-	-	13,015,585
Domestic Small Cap Value and Growth	1,300,500	-	-	1,300,500
Fixed income	16,349,897	-	-	16,349,897
International Developed Equity	9,798,127	-	-	9,798,127
Emerging Market Equity	<u>2,037,120</u>	<u>-</u>	<u>-</u>	<u>2,037,120</u>
TOTAL INVESTMENTS	<u>\$ 43,803,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,803,598</u>

There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

13. ENDOWMENT

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

13. ENDOWMENT (Continued)

In relation to the endowment, the governing Board is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organizations consider a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organizations have interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organizations consider the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund as of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Funds	\$ 2,634,350	\$ -	\$ 2,634,350
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,896,555	4,896,555
Accumulated investment earnings	-	1,393,928	1,393,928
TOTAL ENDOWMENT FUNDS	<u>\$ 2,634,350</u>	<u>\$ 6,290,483</u>	<u>\$ 8,924,833</u>

Changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,499,350	\$ 6,308,854	\$ 8,808,204
Investment return, net	135,000	251,736	386,736
Contributions	-	147,750	147,750
Appropriation of endowment assets for expenditure	-	(417,857)	(417,857)
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ 2,634,350</u>	<u>\$ 6,290,483</u>	<u>\$ 8,924,833</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

13. ENDOWMENT (Continued)

Contributions restricted in perpetuity consisted of the following at June 30, 2019:

Basic Research Single Topic Conference	\$ 726,000
State-of-the-Art Lectures:	
Leon Schiff	100,000
Hyman J. Zimmerman	140,000
Thomas E. Starzl	95,850
Hepatitis Single Topic Conference	2,000,000
Foundation Campaign	<u>1,834,705</u>

TOTAL CONTRIBUTIONS RESTRICTED IN PERPETUITY **\$ 4,896,555**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organizations to retain as fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature that are reported in net assets without donor restrictions as of June 30, 2019.

Return Objectives and Risk Parameters -

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

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

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

Strategies Employed for Achieving Objectives -

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

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

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organizations have evaluated events and transactions for potential recognition or disclosure through September 25, 2019, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

**AMERICAN ASSOCIATION FOR THE STUDY OF LIVER DISEASES
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**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2019**

	ASSETS			
	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,097,852	\$ 348,617	\$ -	\$ 2,446,469
Investments	26,984,775	16,818,823	-	43,803,598
Contributions receivable, current portion	-	869,875	-	869,875
Accounts receivable	818,573	-	-	818,573
Prepaid expenses	730,350	14,265	-	744,615
Due from the Association, net of payable	<u>-</u>	<u>60,807</u>	<u>(60,807)</u>	<u>-</u>
Total current assets	<u>30,631,550</u>	<u>18,112,387</u>	<u>(60,807)</u>	<u>48,683,130</u>
FIXED ASSETS				
Office condominium	8,451,189	-	-	8,451,189
Furniture and equipment	<u>1,151,687</u>	<u>-</u>	<u>-</u>	<u>1,151,687</u>
	9,602,876	-	-	9,602,876
Less: Accumulated depreciation and amortization	<u>(3,590,579)</u>	<u>-</u>	<u>-</u>	<u>(3,590,579)</u>
Net fixed assets	<u>6,012,297</u>	<u>-</u>	<u>-</u>	<u>6,012,297</u>
OTHER ASSETS				
Contributions receivable, net of current portion and present value discount	-	1,118,033	-	1,118,033
Deposits	<u>137,025</u>	<u>-</u>	<u>-</u>	<u>137,025</u>
Total other assets	<u>137,025</u>	<u>1,118,033</u>	<u>-</u>	<u>1,255,058</u>
TOTAL ASSETS	<u>\$ 36,780,872</u>	<u>\$ 19,230,420</u>	<u>\$ (60,807)</u>	<u>\$ 55,950,485</u>

LIABILITIES AND NET ASSETS

	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 892,996	\$ 13,269	\$ -	\$ 906,265
Deferred revenue:				
Membership dues	1,024,586	-	-	1,024,586
Meeting registrations and exhibits	818,410	-	-	818,410
Awards payable	-	5,968,130	-	5,968,130
Due to the Foundation, net of receivable	<u>60,807</u>	<u>-</u>	<u>(60,807)</u>	<u>-</u>
Total current liabilities	<u>2,796,799</u>	<u>5,981,399</u>	<u>(60,807)</u>	<u>8,717,391</u>
NET ASSETS				
Without donor restrictions:				
Undesignated	23,975,478	4,456,869	-	28,432,347
Board designated	<u>5,936,861</u>	<u>3,134,350</u>	<u>-</u>	<u>9,071,211</u>
Total without donor restriction	29,912,339	7,591,219	-	37,503,558
With donor restrictions	<u>4,071,734</u>	<u>5,657,802</u>	<u>-</u>	<u>9,729,536</u>
Total net assets	<u>33,984,073</u>	<u>13,249,021</u>	<u>-</u>	<u>47,233,094</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 36,780,872</u>	<u>\$ 19,230,420</u>	<u>\$ (60,807)</u>	<u>\$ 55,950,485</u>

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

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Eliminations</u>	<u>Total</u>
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS				
Annual Meeting	\$ 8,693,653	\$ -	\$ -	\$ 8,693,653
Research and Fellowship Awards	-	899,760	-	899,760
Meetings and Education	1,229,529	-	-	1,229,529
Membership Dues	1,639,492	-	-	1,639,492
Professional Relations	261,537	-	-	261,537
Publications and AASLD Journals	2,762,865	-	-	2,762,865
Contributions	-	1,393,407	(1,230,460)	162,947
Contributed services	10,000	-	-	10,000
Other	4,463	-	-	4,463
Net assets released from donor restrictions	<u>394,863</u>	<u>2,434,051</u>	<u>-</u>	<u>2,828,914</u>
Total revenue and support without donor restrictions	<u>14,996,402</u>	<u>4,727,218</u>	<u>(1,230,460)</u>	<u>18,493,160</u>
EXPENSES				
Program Services:				
Annual Meeting	4,917,299	-	(6,960)	4,910,339
Awards	-	4,199,760	-	4,199,760
Marketing and Communications	978,968	-	-	978,968
Meetings and Education	2,552,704	-	(6,000)	2,546,704
Membership	1,006,442	-	(500)	1,005,942
AMS	123,899	-	-	123,899
Professional Relations	2,734,173	-	(1,175,000)	1,559,173
Publications, AASLD Journals	2,339,180	-	(32,000)	2,307,180
Public Policy	408,970	-	-	408,970
Emerging Liver Scholars and Mentorship	93,656	192,479	-	286,135
Fundamentals of Liver Disease	-	31,234	-	31,234
Public Awareness	-	78,048	-	78,048
Strategic Planning	<u>65,968</u>	<u>-</u>	<u>-</u>	<u>65,968</u>
Total program services	<u>15,221,259</u>	<u>4,501,521</u>	<u>(1,220,460)</u>	<u>18,502,320</u>
Supporting Services:				
Leadership and Administration	1,709,591	539,375	(10,000)	2,238,966
Fundraising	<u>18,659</u>	<u>695,624</u>	<u>-</u>	<u>714,283</u>
Total supporting services	<u>1,728,250</u>	<u>1,234,999</u>	<u>(10,000)</u>	<u>2,953,249</u>
Total expenses	<u>16,949,509</u>	<u>5,736,520</u>	<u>(1,230,460)</u>	<u>21,455,569</u>
Change in net assets without donor restrictions before other item	(1,953,107)	(1,009,302)	-	(2,962,409)
OTHER ITEM				
Investment income	<u>1,287,860</u>	<u>805,772</u>	<u>-</u>	<u>2,093,632</u>
Change in net assets without donor restrictions	<u>(665,247)</u>	<u>(203,530)</u>	<u>-</u>	<u>(868,777)</u>
REVENUE AND SUPPORT WITH DONOR RESTRICTIONS				
Annual Meeting	25,000	-	-	25,000
Research and Fellowship Awards	-	4,461,349	-	4,461,349
Net assets released from donor restrictions	<u>(394,863)</u>	<u>(2,434,051)</u>	<u>-</u>	<u>(2,828,914)</u>
Change in net assets with donor restrictions before other items	(369,863)	2,027,298	-	1,657,435
OTHER ITEMS				
Investment income	173,301	78,435	-	251,736
Cancellation of award	<u>(799,361)</u>	<u>-</u>	<u>-</u>	<u>(799,361)</u>
Change in net assets with donor restrictions	<u>(995,923)</u>	<u>2,105,733</u>	<u>-</u>	<u>1,109,810</u>
CHANGE IN NET ASSETS	<u>\$ (1,661,170)</u>	<u>\$ 1,902,203</u>	<u>\$ -</u>	<u>\$ 241,033</u>

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

**CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>AASLD</u>	<u>AASLD Foundation</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Net assets at beginning of year	\$ 30,577,586	\$ 7,794,749	\$ 38,372,335
Change in net assets without donor restrictions	<u>(665,247)</u>	<u>(203,530)</u>	<u>(868,777)</u>
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>29,912,339</u>	<u>7,591,219</u>	<u>37,503,558</u>
 NET ASSETS WITH DONOR RESTRICTIONS			
Net assets at beginning of year	5,067,657	3,552,069	8,619,726
Change in net assets with donor restrictions	<u>(995,923)</u>	<u>2,105,733</u>	<u>1,109,810</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>4,071,734</u>	<u>5,657,802</u>	<u>9,729,536</u>
 TOTAL NET ASSETS	 <u>\$ 33,984,073</u>	 <u>\$ 13,249,021</u>	 <u>\$ 47,233,094</u>