

AMERICAN VETERINARY MEDICAL ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

AMERICAN VETERINARY MEDICAL ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
American Veterinary
Medical Association

Report on the Financial Statements

We have audited the accompanying financial statements of American Veterinary Medical Association and its affiliate, American Veterinary Medical Foundation (collectively, the Organizations), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019 and the related consolidated statements of activities, of functional expenses and of 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 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 Organizations' 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 Organizations' 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 in the first paragraph present fairly, in all material respects, the consolidated financial position of American Veterinary Medical Association and its affiliate as of December 31, 2020 and 2019, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 37 through 40 is presented for purposes of additional analysis and is 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.

Westchester, Illinois

American Veterinary Medical Association

Consolidated Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 21,397,420	\$ 17,585,178
Accounts receivable	975,882	1,222,101
Donations receivable	1,224,692	1,431,021
Accrued interest receivable	58,401	32,609
Other receivables	37,856	70,914
Inventory	4,400	4,400
Prepaid expenses	<u>864,880</u>	<u>1,289,984</u>
Total	<u>24,563,531</u>	<u>21,636,207</u>
Investments	<u>58,687,397</u>	<u>55,249,577</u>
Property and equipment		
Property and equipment	22,412,836	22,265,762
Less accumulated depreciation and amortization	<u>(14,723,891)</u>	<u>(13,630,828)</u>
Net property and equipment	<u>7,688,945</u>	<u>8,634,934</u>
Total assets	<u>\$ 90,939,873</u>	<u>\$ 85,520,718</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 752,025	\$ 1,674,557
Accrued payroll and related taxes	336,400	141,798
Accrued retirement plan expenses	1,241,397	1,114,464
Accrued real estate and UBIT taxes	362,350	450,086
Clinical proficiency exam payments	918,270	726,710
Due to other related organizations	15,001	65,876
Deferred income	22,851,885	22,968,023
Deferred compensation plan	2,208,767	2,128,082
Accrued paid time off	3,164,642	3,076,806
Tenant deposits	<u>22,430</u>	<u>20,266</u>
Total liabilities	<u>31,873,167</u>	<u>32,366,668</u>
Net assets		
Without donor restrictions	52,684,385	47,035,790
With donor restrictions	<u>6,382,321</u>	<u>6,118,260</u>
Total net assets	<u>59,066,706</u>	<u>53,154,050</u>
Total liabilities and net assets	<u>\$ 90,939,873</u>	<u>\$ 85,520,718</u>

See accompanying notes to consolidated financial statements.

American Veterinary Medical Association

Consolidated Statements of Activities

Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Dues	\$ 28,302,636	\$ -	\$ 28,302,636	\$ 25,645,225	\$ -	\$ 25,645,225
Donations	776,631	1,884,277	2,660,908	594,949	2,465,219	3,060,168
In-kind donations	402	-	402	-	-	-
Convention	1,304,416	-	1,304,416	4,084,680	-	4,084,680
Advertising	633,333	-	633,333	936,895	-	936,895
Career Center	5,626,617	-	5,626,617	5,752,263	-	5,752,263
Subscriptions	443,901	-	443,901	510,512	-	510,512
Accreditation and related fees	772,511	-	772,511	806,283	-	806,283
Rental income	273,389	-	273,389	256,614	-	256,614
Non-convention sponsorships	691,000	-	691,000	814,300	-	814,300
Quality Assurance Program	297,506	-	297,506	360,453	-	360,453
Royalties	410,755	-	410,755	428,538	-	428,538
Manuscript processing fees	130,952	-	130,952	132,978	-	132,978
Printed materials	40,161	-	40,161	81,558	-	81,558
ECFVG Program	264,964	-	264,964	288,351	-	288,351
Mailing lists and labels	41,545	-	41,545	85,519	-	85,519
Event registration revenue	197,125	-	197,125	273,525	-	273,525
Other income	209,451	-	209,451	208,991	-	208,991
Net assets released from restrictions	<u>1,694,221</u>	<u>(1,694,221)</u>	<u>-</u>	<u>1,364,525</u>	<u>(1,364,525)</u>	<u>-</u>
Total revenue	<u>42,111,516</u>	<u>190,056</u>	<u>42,301,572</u>	<u>42,626,159</u>	<u>1,100,694</u>	<u>43,726,853</u>
Expenses						
Program services:						
Drive lifelong membership	2,579,185	-	2,579,185	2,898,549	-	2,898,549
Lifelong learning	11,515,099	-	11,515,099	14,010,528	-	14,010,528
Advocacy	2,791,689	-	2,791,689	2,826,493	-	2,826,493
Policy	2,677,190	-	2,677,190	2,676,249	-	2,676,249
Disaster relief	639,617	-	639,617	60,720	-	60,720
Education	716,047	-	716,047	837,426	-	837,426
Animal welfare	527,520	-	527,520	525,455	-	525,455
Research	121,361	-	121,361	110,918	-	110,918
Management and general	16,413,751	-	16,413,751	18,447,708	-	18,447,708
Fundraising	116,690	-	116,690	141,243	-	141,243
Membership Development	<u>2,040,907</u>	<u>-</u>	<u>2,040,907</u>	<u>2,443,080</u>	<u>-</u>	<u>2,443,080</u>
Total expenses	<u>40,139,056</u>	<u>-</u>	<u>40,139,056</u>	<u>44,978,369</u>	<u>-</u>	<u>44,978,369</u>
Change in net assets before net investment return	1,972,460	190,056	2,162,516	(2,352,210)	1,100,694	(1,251,516)
Net investment return	<u>3,676,135</u>	<u>74,005</u>	<u>3,750,140</u>	<u>6,946,791</u>	<u>324,685</u>	<u>7,271,476</u>
Change in net assets	5,648,595	264,061	5,912,656	4,594,581	1,425,379	6,019,960
Net assets						
Beginning of year	<u>47,035,790</u>	<u>6,118,260</u>	<u>53,154,050</u>	<u>42,441,209</u>	<u>4,692,881</u>	<u>47,134,090</u>
End of year	<u>\$ 52,684,385</u>	<u>\$ 6,382,321</u>	<u>\$ 59,066,706</u>	<u>\$ 47,035,790</u>	<u>\$ 6,118,260</u>	<u>\$ 53,154,050</u>

See accompanying notes to consolidated financial statements.

American Veterinary Medical Association

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services							Supporting Services			Total	
	Drive Lifelong Membership	Lifelong Learning	Advocacy	Policy	Disaster Relief	Education Learning	Animal Welfare	Research	Management and General	Fundraising		Membership Development
Salaries and benefits	\$ 1,176,906	\$ 6,224,921	\$ 1,851,135	\$ 2,030,549	\$ 63,328	\$ 70,897	\$ 52,231	\$ 12,017	\$ 9,092,071	\$ 84,252	\$ 1,535,720	\$ 22,194,027
Payroll taxes	<u>70,272</u>	<u>371,684</u>	<u>110,530</u>	<u>121,242</u>	<u>3,781</u>	<u>4,233</u>	<u>3,119</u>	<u>717</u>	<u>515,379</u>	<u>5,031</u>	<u>91,696</u>	<u>1,297,684</u>
Total salaries and related expenses	1,247,178	6,596,605	1,961,665	2,151,791	67,109	75,130	55,350	12,734	9,607,450	89,283	1,627,416	23,491,711
Advertising & promotion	1,869	14,707	7,483	-	-	-	1,363	-	483,229	290	-	508,941
Awards & grants	11,740	-	-	-	572,508	635,919	291,663	108,627	8,014	-	-	1,628,471
Bad debt	-	-	-	-	-	-	-	-	100	-	-	100
Bank service fees	53,929	-	-	-	-	-	-	-	58,436	-	-	112,365
Conferences, conventions & meetings	20,145	1,156,767	155,795	46,498	-	-	-	-	215,106	-	-	1,594,311
Credit card fees	421,593	-	-	-	-	-	-	-	159,277	-	-	580,870
Depreciation and amortization	30,829	377,886	95,917	43,989	-	-	-	-	487,218	-	57,226	1,093,065
Dues & subscriptions	-	57,336	9,048	60,650	-	-	-	-	1,838	-	-	128,872
Equipment leases	-	-	-	-	-	-	-	-	132,865	-	-	132,865
Information technology	-	70,435	4,125	-	-	4,308	74	-	1,079,313	-	-	1,158,255
Insurance	-	-	6,106	-	-	-	-	-	250,244	-	-	256,350
Miscellaneous	9,271	3,892	1,602	81,553	-	-	-	-	40,611	-	-	136,929
Occupancy	39,933	432,240	153,711	56,978	-	-	-	-	505,489	-	74,124	1,262,475
Office expenses	16,872	164	30,276	5,500	-	690	1,628	-	276,284	25,867	17,027	374,308
Professional fees	546,368	481,557	228,629	17,540	-	-	177,442	-	1,777,930	1,250	-	3,230,716
Program printing & postage	-	2,129,897	-	-	-	-	-	-	-	-	265,114	2,395,011
Sponsorships	68,500	15,000	2,500	92,500	-	-	-	-	34,726	-	-	213,226
Staff development/activities	-	-	-	-	-	-	-	-	155,659	-	-	155,659
Stipends	2,358	35,000	63,524	-	-	-	-	-	-	-	-	100,882
Surveys	34,525	-	-	-	-	-	-	-	-	-	-	34,525
Temporary help	-	-	-	-	-	-	-	-	50,685	-	-	50,685
Travel	74,075	143,613	71,308	120,191	-	-	-	-	315,534	-	-	724,721
Unrelated business income taxes	-	-	-	-	-	-	-	-	773,743	-	-	773,743
Total	<u>\$ 2,579,185</u>	<u>\$ 11,515,099</u>	<u>\$ 2,791,689</u>	<u>\$ 2,677,190</u>	<u>\$ 639,617</u>	<u>\$ 716,047</u>	<u>\$ 527,520</u>	<u>\$ 121,361</u>	<u>\$ 16,413,751</u>	<u>\$ 116,690</u>	<u>\$ 2,040,907</u>	<u>\$ 40,139,056</u>

See accompanying notes to consolidated financial statements.

American Veterinary Medical Association

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services							Supporting Services				Total
	Drive Lifelong Membership	Lifelong Learning	Advocacy	Policy	Disaster Relief	Education Learning	Animal Welfare	Research	Management and General	Fundraising	Membership Development	
Salaries and benefits	\$ 733,206	\$ 5,099,013	\$ 1,648,550	\$ 1,746,921	\$ 7,495	\$ 93,688	\$ 72,295	\$ 11,355	\$ 9,103,448	\$ 18,775	\$ 2,046,015	\$ 20,580,761
Payroll taxes	44,401	308,781	99,831	105,788	684	8,551	4,416	1,036	532,557	2,039	109,362	1,217,446
Total salaries and related expenses	777,607	5,407,794	1,748,381	1,852,709	8,179	102,239	76,711	12,391	9,636,005	20,814	2,155,377	21,798,207
Advertising & promotion	36,170	46,236	10,511	-	-	-	3,029	-	768,481	1,900	-	866,327
Awards & grants	13,903	40,911	10,948	-	39,011	725,418	304,300	88,163	-	-	-	1,222,654
Bad debt	-	-	-	-	119	1,233	120	28	-	-	-	1,500
Bank service fees	59,784	-	-	-	-	-	-	-	5,313	-	-	65,097
Conferences, conventions & meetings	470,508	4,398,664	111,193	105,236	-	-	-	-	449,795	-	-	5,535,396
Continuing education	-	-	-	-	-	-	-	-	2,114	-	-	2,114
Credit card fees	399,212	-	-	-	-	-	-	-	143,503	-	-	542,715
Depreciation and amortization	33,741	444,991	122,862	48,144	-	-	-	-	419,618	-	62,631	1,131,987
Dues & subscriptions	-	51,152	13,103	73,057	-	-	-	-	1,750	-	-	139,062
Equipment leases	-	-	-	-	-	-	-	-	123,020	-	-	123,020
Information technology	-	81,656	4,125	-	-	6,675	7,008	5,110	1,032,673	-	-	1,137,247
Insurance	-	-	5,431	-	-	-	-	-	229,134	-	-	234,565
Meetings	-	-	-	-	-	-	1,275	-	-	-	-	1,275
Memberships	-	-	-	-	10,293	-	-	-	-	-	-	10,293
Miscellaneous	10,015	8,689	1,838	5,508	-	-	-	-	35,079	-	-	61,129
Occupancy	38,052	411,874	166,483	54,294	-	-	-	-	482,301	-	70,632	1,223,636
Office expenses	57,040	282	35,416	11,386	3,107	1,717	2,509	208	420,111	20,808	18,331	570,915
Professional fees	435,862	512,683	245,812	-	8	104	130,482	13	1,990,073	95,910	-	3,410,947
Program printing & postage	-	2,164,465	-	-	-	-	-	-	-	-	136,109	2,300,574
Sponsorships	162,000	5,000	2,500	145,103	-	-	-	-	-	-	-	314,603
Staff development/activities	-	-	-	1,550	-	-	-	-	168,297	-	-	169,847
Stipends	15,600	40,550	139,746	17,599	-	-	-	-	-	-	-	213,495
Surveys	107,994	-	-	-	-	-	-	-	-	-	-	107,994
Temporary help	-	-	-	-	-	-	-	-	130,069	-	-	130,069
Travel	281,061	395,581	208,144	361,663	3	40	21	5,005	963,543	1,811	-	2,216,872
Unrelated business income taxes	-	-	-	-	-	-	-	-	1,446,829	-	-	1,446,829
Total	\$ 2,898,549	\$ 14,010,528	\$ 2,826,493	\$ 2,676,249	\$ 60,720	\$ 837,426	\$ 525,455	\$ 110,918	\$ 18,447,708	\$ 141,243	\$ 2,443,080	\$ 44,978,369

See accompanying notes to consolidated financial statements.

American Veterinary Medical Association

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 5,912,656	\$ 6,019,960
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization on property and equipment	1,093,065	1,131,987
Net (gain) on investments	(2,682,932)	(6,115,506)
Net (gain) on deferred compensation plan investments	(271,772)	(377,883)
Changes in assets and liabilities		
Receivables	459,814	(1,270,191)
Prepaid expenses	425,104	(242,821)
Accounts payable and accrued expenses	(688,733)	(145,576)
Clinical proficiency exam payments	191,560	226,385
Due to other related organizations	(50,875)	(25,512)
Deferred income	(116,138)	2,541,813
Deferred compensation plan	80,685	267,403
Accrued paid time off	87,836	9,483
Tenant deposits	<u>2,164</u>	<u>-</u>
Net cash provided by operating activities	<u>4,442,434</u>	<u>2,019,542</u>
Cash flows from investing activities		
Proceeds from sale of investments	13,504,398	34,336,715
Purchase of investments	(13,987,514)	(35,693,280)
Purchases of property and equipment	<u>(147,076)</u>	<u>(1,574,207)</u>
Net cash used in investing activities	<u>(630,192)</u>	<u>(2,930,772)</u>
Net increase (decrease) in cash and cash equivalents	3,812,242	(911,230)
Cash and cash equivalents		
Beginning of year	<u>17,585,178</u>	<u>18,496,408</u>
End of year	<u>\$ 21,397,420</u>	<u>\$ 17,585,178</u>
Supplemental disclosure		
Cash paid for income taxes	<u>\$ 856,628</u>	<u>\$ 1,500,721</u>

See accompanying notes to consolidated financial statements.

AMERICAN VETERINARY MEDICAL ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1. ORGANIZATION AND TAX STATUS

American Veterinary Medical Association (AVMA) is a nonprofit organization established to advance the science and art of veterinary medicine, including its relationship to public health, biological science and agriculture. AVMA provides a forum for the discussion of issues of importance to the veterinary profession and for the development of official positions. AVMA is the authorized voice for the profession in presenting its views to government, academia, agriculture, pet owners, the media and other concerned publics. AVMA is a member driven organization representing the needs and priorities of member veterinarians nationwide.

AVMA has one affiliate, American Veterinary Medical Foundation (the Foundation). The Foundation is affiliated through common control with AVMA. The Foundation develops resources to advance the science and practice of veterinary medicine to improve animal and human health. For more than 50 years, the Foundation has been helping veterinarians help animals with support for disaster relief, education, animal welfare, research and advocacy programs and activities.

The Internal Revenue Service has advised that AVMA and the Foundation are exempt from federal income tax under Section 501(c)(6) and Section 501(c)(3) of the Internal Revenue Code, respectively. In addition, the Internal Revenue Service has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require AVMA and Foundation to evaluate tax positions taken by AVMA and Foundation and recognize a tax liability if AVMA and Foundation have taken an uncertain position that more likely than not would not be sustained upon examination by tax authorities. AVMA and Foundation are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Certain portions of AVMA's activities are considered unrelated to its exempt function. These unrelated activities include advertising income on journals and the operation of a career center. Federal and state income taxes for the years ended December 31, 2020 and 2019 on these unrelated business activities were \$773,743 and \$1,446,829 respectively.

Due to the merging of AVMA's and the Foundation's board of directors, effective January 1, 2019, the financial statements of AVMA's and the Foundation are consolidated. As a result, the beginning net assets at January 1, 2019 include the Foundation's net assets without donor restriction of \$1,020,906 and net assets with donor restriction of \$4,692,881.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The accompanying consolidated financial statements are prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Principles of Consolidation - The consolidated financial statements contain all the accounts of the organizations described above, hereinafter referred to as “the Organizations.” All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation - In order to conform to provisions of generally accepted accounting principles, the Organizations, as a not-for-profit entity, are required to report information regarding its financial position and activities in two classes of net assets: without donor restriction and with donor restriction.

Net Assets without Donor Restriction - Net assets that are not subject to donor-imposed restrictions and available to finance the general operations of the Organizations. The only limits on the use of net assets without donor restriction are the broad limits resulting from the nature of the Organizations, the environment in which it operates and the purposes specified in its articles of incorporation. Voluntary resolutions by the Board of Directors to designate a portion of its net assets without donor restriction for specific purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board at any time, designated net assets are considered net assets without donor restrictions. Board designated net assets are described in Note 16.

Net Assets with Donor Restriction - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents - Cash and cash equivalents consist of checking, money market accounts, and short-term highly liquid investments that are readily convertible to known amounts of cash, and so near their maturity that the risk of change in value is negligible.

Accounts Receivable - Accounts receivable at December 31, 2020 and 2019 are considered fully collectible and, therefore, an allowance for uncollectible accounts for accounts receivable has not been provided. Accounts receivable consists of sponsorships, royalties, career center revenue, and other general receivables.

Donations Receivable - Unconditional promises to give are recognized as revenue in the period that the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give may contain amounts that will be collected over a period longer than one year. An allowance for uncollectible promises to give is provided when evidence indicates amounts promised by donors may not be collectible. No allowance is considered necessary at December 31, 2020 and 2019.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments - The investments of the Organizations are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Dividend income is recorded on the ex dividend date. Interest income is recorded on the accrual basis.

Inventory - Inventory of scale-replica statues (for the Foundation's fundraising campaign) is stated at lower of cost or market.

Property and Equipment - Property and equipment are carried at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed by the straight-line method over the following estimated useful lives of the related assets: building and improvements, 2 to 31.5 years; furniture and equipment, 5 to 15 years; computer equipment and software, 3 to 5 years; and website, 3 years. Tenant improvements are amortized over the remaining lease period.

Artwork - Donated paintings and sculptures are recorded at the appraised fair market value at the date of contribution. Purchased artwork (e.g., the statue) is recorded at the cost of construction.

Accrued Paid Time Off - AVMA's paid time off policy was frozen effective December 23, 2012. No additional paid time will be earned under the old policy. Employees, however, are eligible to use accrued hours until fully exhausted. Effective January 1, 2013, AVMA implemented a vacation policy. Full-time employees working 37.5 hours per week are eligible to earn vacation leave. For each pay period, eligible employees earn paid vacation according to their hire date and length of service. Employees hired prior to January 1, 2012 were able to accrue a maximum of 24 days per calendar year, depending on their length of employment. Employees hired after January 1, 2012 were able to accrue a maximum of 20 days, depending on their length of employment. The policy was changed effective April 10, 2016. Full time regular employees with an Association hire date on or after January 1, 2012 earn paid vacation pursuant to the same terms as full time regular employees with an Association hire date before January 1, 2012. Upon termination of employment, employees are entitled to receive payment for any unused paid time off at their current pay rate.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - AVMA receives a significant portion of their operating revenue from membership dues, convention revenue, advertising, career center postings, subscriptions, accreditation, sponsorships and royalties.

Deferred income in the accompanying statements of financial position includes membership dues, subscriptions and convention income collected in advance of providing the related service. Such deferred income is substantially recognizable within one year and will be recognized as revenue when earned.

Membership Dues - Dues are collected annually from members at rates which vary with the type of membership. Invoices are sent out in October for the subsequent year, and the majority of dues are collected between October and December for the subsequent year. The value of membership benefits including economic and financial resources, professional publications, career services, marketing and client service tools, education and networking, etc. made available to members in exchange for their dues is deemed to equal or exceed the dues paid. The term for each membership is from January 1 through December 31. Revenue is recognized ratably over the twelve month AVMA membership period.

Convention Revenue - AVMA holds an annual convention in which they receive registration fees, exhibitor fees and sponsorship revenue. Fees are received based upon different registration rates, exhibitor booth sizes and sponsorship levels. These revenue items are considered exchange transactions and are recognized during the year which the convention is held and the performance obligation has been met. Participants receive access to and participation in annual meeting events, programs, networking sessions and social activities in exchange for the fees paid. In addition, sponsors receive advertisement and other benefits based on the sponsorship level in exchange for its sponsorship.

Advertising - AVMA receives advertising revenue primarily related to the Journal of the American Veterinary Medical Association (JAVMA). Customers pay AVMA to advertise in the JAVMA publication. Rates vary depending on the size of the advertisement. Advertising is received by the customers in exchange for fees paid. Advertising revenue is recognized when the publications are issued.

Career Center Postings - AVMA receives fees from veterinary clinics and companies in which they choose from various packages and post their job opening on AVMA's career center website. Fees are determined based on the length and total number of job postings purchased. These revenue items are considered exchange transactions and are recognized ratably over the time period in which each job posting relates to.

Subscriptions - Revenue is primarily made up of fees received from two journals published annually by AVMA. Payments are collected from members and non-members. The rate paid is determined depending on the customer's membership status as well as if non-members are within or outside of the U.S. The publications are received by the customers in exchange for the fees paid. Subscription revenue is recognized in the period which the publication is delivered.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Accreditation - AVMA receives annual accreditation fees from colleges and veterinary technician programs. The rate paid is determined based on what type of organization is being accredited. Customers receive accreditation from AVMA in exchange for the fees paid. Accreditation revenue is recognized in the year which the customers received accreditation from AVMA.

Sponsorships - There are sponsorship agreements entered into throughout the course of the year in which the sponsor and AVMA agree to a fee to be paid. The sponsor receives certain benefits in exchange for sponsoring the AVMA or a specific program. Sponsorship revenue is recognized during the time period specified within the agreement.

Royalties - AVMA enters into certain royalty agreements with companies for member affinity programs. The royalty amount is determined by contract. The companies receive business from AVMA members in exchange for the partnership. Royalty revenue is recognized at the time which the usage or sale occurs.

Contribution Revenue - The Organizations recognize contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. No conditional contributions were received during the year ended December 31, 2020 and 2019. Contributions received are recorded as support with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor 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 restriction and reported in the statements of activities as net assets released from restrictions.

Grants and Awards - Grants and awards are recognized as expenses when approved by the Board of Directors.

Advertising Costs - The Organizations expense advertising costs as they are incurred. Advertising expenses for the years ended December 31, 2020 and 2019 were \$508,941 and \$866,327 respectively.

Functional Expenses - The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses which are directly associated with a particular program or supporting service are allocated directly to that functional category. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses are allocated on the basis of estimates of time and effort.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification - Certain prior year amounts have been reclassified to conform to current year presentation.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through May 31, 2021 which is the date the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table represents the Organizations' financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of liquidity restrictions or internal board designations. Amounts not available include certain alternative investments with redemption limitations. In addition to redemption limitations, certain alternative investment holdings include capital call commitments that can be requested by the investment fund manager at various time intervals. The amount below represents the total of potential capital calls that may or may not be requested in full during the following year. For more information on alternative investments, please refer to Note 11. The deferred compensation plan's investments are restricted for future benefits related to the deferred compensation plan. Additionally, there are certain board designations that reduce the amount available to meet general expenditures. In the event the need arises to utilize fund for liquidity purposes, the reserves could be drawn upon through board approval. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions and through investment income, without donor restrictions, and appropriated earnings from donations with donor restrictions. General expenditures include administrative, general expenses and fundraising expenses expected to be paid in the subsequent year.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 21,397,420	\$ 17,585,178
Receivables	2,296,831	2,756,645
Investment holdings	<u>58,687,397</u>	<u>55,249,577</u>
	82,381,648	75,591,400
Less amount not available to be used within one year:		
Investments in non-liquid securities	(6,454,359)	(6,425,500)
Investments held for donor-restricted endowments	(2,521,564)	(2,508,258)
Donor restricted funds	(3,860,757)	(3,610,002)
Capital call commitments related to investments	-	(100,000)
Deferred compensation plan	(2,208,767)	(2,128,082)
Board designated net assets	<u>(3,523,574)</u>	<u>(1,860,963)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 63,812,627</u>	<u>\$ 58,958,595</u>

AVMA manages its reserves with two guiding principles: maintain a level of reserves equal to 50% to 150% of the annual operating expenditures and a three-fourths (3/4) vote of the Board of Directors is required for new, unbudgeted expenditures to come from Reserves when exceeding the Board Contingency Amount or before depleting the Board Contingency Amount. To achieve these targets, AVMA forecasts its future net income and monitors its reserves quarterly.

NOTE 4. CONCENTRATION OF CREDIT RISK

Cash consists of monies held in checking and money market accounts. The Organizations place their temporary cash investments with financial institutions deemed to be creditworthy. Balances are insured by FDIC up to \$250,000 per financial institution. Balances may at times exceed insured limits. The Organizations have not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 5. EMPLOYEES RETIREMENT PLAN

AVMA offers its employees participation in AVMA Employees Retirement Plan, which is a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. Generally, all full-time employees are eligible to participate once they are over age 18. Contributions of 3% of compensation, as defined by the plan and subject to certain IRS limitations, are calculated and remitted with each payroll. Following the end of the year as soon as administratively possible, AVMA makes an additional 4% contribution to employees who completed 1,000 hours of service during the calendar year and a matching contribution up to a maximum of 3% on each employee's pre-tax deferrals into the plan. The expense recognized by AVMA for this plan, excluding amounts reimbursed by the Foundation, were \$1,783,827 and \$1,596,905 for the years ended December 31, 2020 and 2019, respectively.

The employees of the Foundation are participants in AVMA Employees Retirement Plan. The total retirement plan expenses for the Foundation's employees were \$0 and \$22,719 for the years ended December 31, 2020 and 2019, respectively.

NOTE 6. DEFERRED COMPENSATION PLAN

During 1989, AVMA established a qualified deferred compensation plan under Section 457 of the Internal Revenue Code. Contributions to the plan were discontinued as of January 1, 2008. Although placed in a separate investment account earmarked for the participants, the amounts deferred and any investment earnings or losses are considered assets of AVMA subject to the claims of creditors.

A summary of the activity of this account for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,128,082	\$ 1,860,678
Employee withdrawals	(191,087)	(110,479)
Gain on investment, including investment earnings	<u>271,772</u>	<u>377,883</u>
Balance, end of year	<u>\$ 2,208,767</u>	<u>\$ 2,128,082</u>

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,330,000	\$ 1,330,000
Building and improvements	14,468,691	14,448,691
Furniture and equipment	1,881,819	1,881,319
Computer equipment and software	4,263,751	4,137,176
Artwork	157,129	157,129
Website	<u>311,446</u>	<u>311,447</u>
Total	<u>\$ 22,412,836</u>	<u>\$ 22,265,762</u>

Depreciation and amortization expense for the year ended December 31, 2020 and 2019 was \$1,093,065 and \$1,131,987 respectively.

NOTE 8. DEFERRED INCOME

Deferred income at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Membership dues	\$ 21,807,817	\$ 21,471,644
Convention exhibit space	319,832	561,062
Accreditation fees	255,039	274,143
Subscriptions	217,203	250,561
Career Center revenue	139,438	261,103
Other deferred income	<u>112,556</u>	<u>149,510</u>
	<u>\$ 22,851,885</u>	<u>\$ 22,968,023</u>

NOTE 9. DONATIONS RECEIVABLE

Donations receivable at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Donations receivable in less than one year	\$ 248,682	\$ 300,863
Donations receivable in one to eight years	<u>1,099,760</u>	<u>1,256,868</u>
	1,348,442	1,557,731
Discount for present value	<u>(123,750)</u>	<u>(126,710)</u>
Donations receivable - net	<u>\$ 1,224,692</u>	<u>\$ 1,431,021</u>

NOTE 10. INVESTMENTS

Investments at fair value at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
U.S. Government Agency obligations	\$ 14,095	\$ 17,241
Common stocks	663,325	1,581,469
Mutual funds and exchange traded funds	49,346,851	45,097,285
Hedge fund of funds	3,570,616	3,284,806
Limited partnerships	2,883,743	3,140,694
Pooled separate account	1,686,420	1,920,455
Insurance company contract	<u>522,347</u>	<u>207,627</u>
Total	<u>\$ 58,687,397</u>	<u>\$ 55,249,577</u>

A summary of investment income for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 1,133,282	\$ 1,273,325
Net realized/unrealized gain	2,682,932	6,115,506
Investment fees	<u>(66,074)</u>	<u>(117,355)</u>
Total	<u>\$ 3,750,140</u>	<u>\$ 7,271,476</u>

NOTE 11. FAIR VALUE MEASUREMENTS

The *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification established 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 are described below:

Basis of Fair Value Measurement

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly

- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believes their 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 table sets forth, by level within the fair value hierarchy, the Organizations' investment assets at fair value as of December 31, 2020 and 2019. As required, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In accordance with generally accepted accounting principles, certain investments that are measured at fair value using the net assets value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the following tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

		<u>Fair Value Measurements at 12/31/20 Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
U.S. Government Agency obligations:				
Mortgage-backed securities	\$ 14,095	\$ -	\$ 14,095	\$ -
Common stocks:				
Capital equipment	22,692	22,692	-	-
Consumer cyclicals	111,760	111,760	-	-
Consumer growth	105,203	105,203	-	-
Consumer staples	30,360	30,360	-	-
Energy	7,124	7,124	-	-
Financial	117,524	117,524	-	-
Industrial commodities	21,978	21,978	-	-
Industrial Resources	4,619	4,619	-	-
Non-financial	2,142	2,142	-	-
Services	18,917	18,917	-	-
Technology	190,416	190,416	-	-
Utilities	30,590	30,590	-	-
Mutual funds:				
Equity	22,147,770	22,147,770	-	-
Fixed income	9,037,079	9,037,079	-	-
Insurance company contract	<u>522,347</u>	<u>-</u>	<u>522,347</u>	<u>-</u>
	32,384,616	<u>\$ 31,848,174</u>	<u>\$ 536,442</u>	<u>\$ -</u>
Investments measured at net asset value:				
Mutual funds	18,162,002			
Hedge fund of funds	3,570,616			
Limited partnerships	2,883,743			
Pooled separate account	<u>1,686,420</u>			
Total	<u>\$ 58,687,397</u>			

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Total</u>	<u>Fair Value Measurements at 12/31/19 Using</u>		
		<u>Quoted Prices</u> in Active Markets for Identical Assets <u>(Level 1)</u>	<u>Significant</u> Other Observable Inputs <u>(Level 2)</u>	<u>Significant</u> Unobservable Inputs <u>(Level 3)</u>
U.S. Government Agency obligations:				
Mortgage-backed securities	\$ 17,241	\$ -	\$ 17,241	\$ -
Common stocks:				
Capital equipment	67,236	67,236	-	-
Consumer cyclicals	201,958	201,958	-	-
Consumer growth	296,051	296,051	-	-
Consumer staples	94,204	94,204	-	-
Energy	71,421	71,421	-	-
Financial	373,093	373,093	-	-
Industrial commodities	10,356	10,356	-	-
Industrial Resources	2,736	2,736	-	-
Non-financial	2,208	2,208	-	-
Services	28,887	28,887	-	-
Technology	379,149	379,149	-	-
Utilities	54,170	54,170	-	-
Mutual funds:				
Equity	20,019,186	20,019,186	-	-
Fixed income	9,474,530	9,474,530	-	-
Insurance company contract	<u>207,627</u>	<u>-</u>	<u>207,627</u>	<u>-</u>
	31,300,053	<u>\$ 31,075,185</u>	<u>\$ 224,868</u>	<u>\$ -</u>
Investments measured at net asset value:				
Mutual funds	15,603,569			
Hedge fund of funds	3,284,806			
Limited partnerships	3,140,694			
Pooled separate account	<u>1,920,455</u>			
Total	<u>\$ 55,249,577</u>			

Level 1 Measurements

Most common stocks are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period presented.

The fair values of certain mutual funds are determined by reference to the funds' underlying assets, which are principally marketable equity and fixed income securities. Shares held in mutual funds are traded on national securities exchanges and are valued at the net asset value on the last business day of each period presented.

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 Measurements

Mortgage-backed securities are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. To the extent that quoted prices are not available, fair value is determined based on a valuation model that includes inputs such as interest rate yield curves and credit spreads. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the investment manager's best estimates.

As of December 31, 2020 and 2019, these securities had a weighted-average coupon rate of approximately 2.36% and 3.98% and a weighted-average maturity of approximately 21.3 and 22.3 years at December 31, 2020 and 2019, respectively.

Deferred Compensation Plan

The insurance company contract represents an investment in various types of contracts as funding vehicles for retirement plans and is made up of all of the general assets of the investment manager other than those allocated to separate accounts. Allocations to the insurance contract are not segregated or insulated from the claims of the of the insurance company's creditors. Payments allocated to the general insurance contract are guaranteed to earn a minimum fixed interest rate not less than the minimum interest rate allowed by state law. Redemptions are available on a daily basis but are limited to the contract value of the insurance company contract.

The insurance company contract is valued at contract value by the insurance company, which approximates fair value. Contract value is determined based on deposits made with the insurance company and interest credited to the contract. The average yield interest rate at December 31, 2020 and 2019 was 11% and 4%, respectively.

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

Measurements at Net Asset Value as Practical Expedient

The Organizations' investments in certain mutual funds, hedge fund of funds, limited partnerships, and the pooled separate account are valued at the net asset value per share, used as a practical expedient to estimate fair value. The net asset value is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported net asset value.

The following table summarizes investments measured at fair value based on net asset value per share as of December 31, 2020 and 2019:

December 31, 2020					
Description	Fair Value	Outstanding Capital Commitment	Underlying Assets	Redemption	
			Type	Frequency	Notice Period
Mutual funds	\$ 18,162,002	Not applicable	Equity and fixed income securities	Daily basis, subject to certain fees	N/A
Hedge fund of funds	\$ 2,985,605	Not applicable	Hedge funds Long/short equity Credit/distressed Emerging markets Multi-strategy/event driven	Quarterly	95 days
Hedge fund of funds	\$ 585,011	Not applicable	Hedge funds Long/short equity Event driven and credit investments	Not permitted	N/A
Limited partnership	\$ 1,062,880	Not applicable	Residential mortgage-backed securities commercial mortgage-backed securities	Permitted as of the business day immediately preceding the one year anniversary of the date of initial capital contribution. Following the lock-up period, redemptions are generally permitted quarterly	90 days
Limited partnership	\$ 1,150,595	Not applicable	Common stocks and investment companies	Quarterly	65 days
Limited partnership	\$ 425,190	\$ -	Directly-sourced and privately negotiated secured debt	Annually	90 days
Limited partnership	\$ 245,078	\$ -	Private and public debt and equity investments	Not permitted	N/A
Deferred compensation plan pooled separate account	\$ 1,686,420	Not applicable	Equity and fixed income based mutual funds	Daily basis, subject to certain fees	N/A

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

December 31, 2019					
Description	Fair Value	Outstanding Capital Commitment	Underlying Assets	Redemption	
			Type	Frequency	Notice Period
Mutual funds	\$ 15,603,569	Not applicable	Equity and fixed income securities	Daily basis, subject to certain fees	N/A
Hedge fund of funds	\$ 2,726,911	Not applicable	Hedge funds Long/short equity Credit/distressed Emerging markets Multi-strategy/event driven	Quarterly	95 days
Hedge fund of funds	\$ 557,895	Not applicable	Hedge funds Long/short equity Event driven and credit investments	Not permitted	N/A
Limited partnership	\$ 1,323,084	Not applicable	Residential mortgage-backed securities commercial mortgage-backed securities	Permitted as of the business day immediately preceding the one year anniversary of the date of initial capital contribution. Following the lock-up period, redemptions are generally permitted quarterly	90 days
Limited partnership	\$ 1,007,710	Not applicable	Common stocks and investment companies	Quarterly	65 days
Limited partnership	\$ 421,831	\$ 50,000	Directly-sourced and privately negotiated secured debt	Annually	90 days
Limited partnership	\$ 388,069	\$ 50,000	Private and public debt and equity investments	Not permitted	N/A
Deferred compensation plan pooled separate account	\$ 1,920,455	Not applicable	Equity and fixed income based mutual funds	Daily basis, subject to certain fees	N/A

NOTE 12. OPERATING LEASES

As Lessee

AVMA has one sixty-month copier lease which expires November 2022 and another which expires December 2023. The future minimum lease payments to be made by AVMA under the current lease agreements are as follows:

Year ending December 31,	
2021	\$ 109,102
2022	100,568
2023	<u>6,696</u>
Total	<u>\$ 216,366</u>

Expenses under the above leases for the year ended December 31, 2020 and 2019 were \$132,865 and \$123,020 respectively.

NOTE 12. OPERATING LEASES (CONTINUED)

As Lessor

AVMA leases space in its building in Schaumburg, Illinois, to various tenants. The future minimum annual lease receipts to be received by AVMA under the current lease agreements are as follows:

Year ending December 31,	
2021	\$ 249,408
2022	179,539
2023	58,592
2024	58,592
2025	58,592
Thereafter	<u>245,354</u>
Total	<u>\$ 850,077</u>

NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or time restriction as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purposes:		
ALL for Students	\$ 376,352	\$ 377,538
Animal Disaster Relief and Response Fund	1,472,654	1,482,596
Animal Studies Fund	14,558	11,375
Association for Women Veterinarians Foundation Fund	25,000	25,000
Education Fund	12,391	11,863
Food Animal Veterinarian Recruitment and Retention Fund	6,155	6,155
Merck Innovation Scholarship	5,962	-
Merck Scholarship	269,461	270,000
Military Scholarship	48,666	32,694
Our Oath in Action	869	869
Partnership for Preventative Pet Healthcare	259,808	424,423
Pet Nutrition Alliance	17,919	43,650
Veterinary Business Education Fund	22,033	22,033
Veterinary Care Charitable Fund	1,182,055	749,172
Veterinary Pharmacology Research Fund	6,370	2,634
WPWB Training & Resource Development	<u>95,503</u>	<u>100,000</u>
Total subject to expenditure for specified purpose	<u>3,815,756</u>	<u>3,560,002</u>
Subject to passage of time:		
Estate of Arthur Freeman	<u>-</u>	<u>50,000</u>
Total time restricted	<u>-</u>	<u>50,000</u>
Endowment:		
Subject to appropriation and expenditure for specified purpose:		
M.S. Scholarship Endowment Fund - program activities	8,071	9,430
Auxiliary Legacy Endowment Scholarship Fund	409,232	394,566
Original donor-restricted endowment gift amount and amounts required to be retained by donor in perpetuity:		
Hill's Endowment	45,000	-
M.S. Scholarship Endowment Fund - program activities	104,262	104,262
Auxiliary Legacy Endowment Scholarship Fund	<u>2,000,000</u>	<u>2,000,000</u>
Total endowment	<u>2,566,565</u>	<u>2,508,258</u>
Total net assets with donor restrictions	<u>\$ 6,382,321</u>	<u>\$ 6,118,260</u>

NOTE 14. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restrictions accomplished:		
ALL for Students	\$ 151,186	\$ 203,418
Animal Disaster Relief and Response Fund	371,060	89,879
Animal Studies Fund	-	22,037
AVA Benevolent Fund	176,447	-
Auxiliary Legacy Endowment Scholarship Fund	36,077	137,001
Dr. Elinor McGrath Scholarship	500	1,500
Education Fund	4,109	1,250
M.S. Scholarship Endowment Fund	1,359	4,000
Merck Scholarship	270,539	270,000
Merck Innovation Scholarship	11,538	14,500
Military Scholarship	4,359	4,000
Partnership for Preventative Pet Healthcare	159,615	160,514
Pet Nutrition Alliance	50,000	-
Veterinary Care Charitable Fund	293,059	304,300
Veterinary Pharmacology Research Fund	33,627	37,126
Wetterberg Scholarship	60,000	75,000
Winn Feline Fund	1,250	-
WPWB Training & Resource Development	<u>19,496</u>	<u>-</u>
Total purpose restricted	1,644,221	1,324,525
Expiration of time restrictions	<u>50,000</u>	<u>40,000</u>
Total	<u>\$ 1,694,221</u>	<u>\$ 1,364,525</u>

NOTE 15. ENDOWMENT FUNDS

The Foundation's endowment funds consist of investments in the M.S. Scholarship Endowment Fund, and the Auxiliary Legacy Endowment Scholarship Fund. The Endowment Fund was established for the purpose of protecting and growing the assets of the Foundation for the future and is comprised of donor-restricted funds and funds designated by the Board of Directors to function as endowments. The M.S. Scholarship Endowment Fund, the Hills Endowment Fund, and the Auxiliary Legacy Endowment Scholarship Fund were established to provide scholarships to veterinary students. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund is classified as restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

NOTE 15. ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowed assets that have the dual goals of striving to preserve assets in addition to maximizing the funds' total rate of return. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy approved by the Finance Committee of the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that should achieve a rate of return in excess of inflation (Consumer Price Index) over a period of three-to-five years while assuming a reasonable level of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation utilizes the investment income generated from the M.S. Scholarship Endowment, the Hill's Endowment, and Auxiliary Legacy Scholarship Endowment Funds to provide scholarships to veterinary students. The direction for the use of the investment income generated from the Endowment Fund for the Auxiliary Legacy Scholarship and M.S. Scholarship is made by the Board of Directors annually. The use of the investment income generated from the Hill's Endowment will be provided to black students attending Tuskegee College of Veterinary Medicine.

Financial Information

The endowment net asset composition by type of fund as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Hill's Endowment Fund	\$ 45,000	\$ -
M.S. Scholarship Endowment Fund - with donor restrictions	112,333	113,692
Auxiliary Legacy Endowment Scholarship Fund - with donor restrictions	<u>2,409,232</u>	<u>2,394,566</u>
Total	<u>\$ 2,566,565</u>	<u>\$ 2,508,258</u>

The Hill's Endowment Fund's perpetuity balance was \$45,000 and \$0 for the years ended December 31, 2020 and 2019, respectively. The M.S. Scholarship Endowment Fund's perpetuity balance was \$104,262 for both years ended December 31, 2020 and 2019. The Auxiliary Legacy Scholarship Endowment Fund's perpetuity balance was \$2,000,000 for both years ended December 31, 2020 and 2019.

NOTE 15. ENDOWMENT FUNDS (CONTINUED)

The following table provides a summary of activities for the Hill's Endowment Fund for the year ended December 31, 2020:

	<u>2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenue:			
Contributions	\$ -	\$ 45,000	\$ 45,000
Total revenue	-	45,000	45,000
Expenses	-	-	-
Change in net assets	-	45,000	45,000
Net assets:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>

The following tables provide a summary of activities for the M.S. Scholarship Endowment Fund for the years ended December 31, 2020 and 2019:

	<u>2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenue:			
Net investment return	\$ -	\$ -	\$ -
Expenses	-	1,359	1,359
Change in net assets	-	(1,359)	(1,359)
Net assets:			
Beginning of year	-	113,692	113,692
End of year	<u>\$ -</u>	<u>\$ 112,333</u>	<u>\$ 112,333</u>

NOTE 15. ENDOWMENT FUNDS (CONTINUED)

	<u>2019</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenue:			
Net investment return	\$ -	\$ -	\$ -
Expenses	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Change in net assets	-	(4,000)	(4,000)
Net assets:			
Beginning of year	<u>-</u>	<u>117,692</u>	<u>117,692</u>
End of year	<u>\$ -</u>	<u>\$ 113,692</u>	<u>\$ 113,692</u>

The following tables provide a summary of activities for Auxiliary Legacy Endowment Scholarship Fund for the years ended December 31, 2020 and 2019:

	<u>2020</u>		
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
Revenue:			
Net investment gain	\$ -	\$ 50,742	\$ 50,742
Total revenue	-	50,742	50,742
Expenses	<u>-</u>	<u>36,076</u>	<u>36,076</u>
Change in net assets	-	14,666	14,666
Net assets:			
Beginning of year	<u>-</u>	<u>2,394,566</u>	<u>2,394,566</u>
End of year	<u>\$ -</u>	<u>\$ 2,409,232</u>	<u>\$2,409,232</u>

NOTE 15. ENDOWMENT FUNDS(CONTINUED)

	2019		
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue:			
Contributions	\$ -	\$ 1,485	\$ 1,485
Net investment gain	<u>-</u>	<u>307,872</u>	<u>307,872</u>
Total revenue	-	309,357	309,357
Expenses	<u>-</u>	<u>144,074</u>	<u>144,074</u>
Change in net assets	-	165,283	165,283
Net assets:			
Beginning of year	<u>-</u>	<u>2,229,283</u>	<u>2,229,283</u>
End of year	<u>\$ -</u>	<u>\$ 2,394,566</u>	<u>\$2,394,566</u>

NOTE 16. BOARD OF DIRECTORS DESIGNATED NET ASSETS

The Board of Directors has established the following board designated funds:

- The Educational Commission for Foreign Veterinary Graduates (ECFVG) Certification Quality Assurance Program, which combined the Clinical Proficiency Examination (CPE) Quality Assurance Program and the ECFVG Quality Assurance Program. The purpose of the fund is to perform ongoing quality assurance for the CPE Quality Assurance Program and the ECFVG Certification Program. Revenue for this fund is derived from the candidates taking the CPE exam or enrolling in the ECFVG program.
- The Strategic Plan was established to develop and implement a strategy to show membership value.

NOTE 16. BOARD OF DIRECTORS DESIGNATED NET ASSETS (CONTINUED)

Activities of the board designated funds during 2020 and 2019 were as follows:

	ECFVG Certification Quality Assurance <u>Program</u>	Strategic <u>Plan</u>	<u>Total</u>
Balance, 12/31/18	\$ 1,056,071	\$ 294,284	\$ 1,350,355
Transfer In	-	3,705,716	3,705,716
Revenue	360,453	-	360,453
Expenses	<u>(384,597)</u>	<u>(3,170,964)</u>	<u>(3,555,561)</u>
Balance, 12/31/19	1,031,927	829,036	1,860,963
Transfer In	-	3,170,964	3,170,964
Revenue	297,506	-	297,506
Expenses	<u>(358,158)</u>	<u>(1,447,701)</u>	<u>(1,805,859)</u>
Balance, 12/31/20	<u>\$ 971,275</u>	<u>\$ 2,552,299</u>	<u>\$ 3,523,574</u>

Board of Directors designated net assets are included in net assets without donor restrictions.

NOTE 17. RELATED ORGANIZATIONS

AVMA has state, local and specialty veterinary organizational affiliates that includes the Auxiliary to AVMA.

Agency

AVMA often receives dues for the Auxiliary to AVMA. These amounts are transferred to the organization on a timely basis.

The financial activities of the Auxiliary to AVMA are not included in the accompanying financial statements.

NOTE 18. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES

Drive Lifelong Member Value

Membership and Field Services

Membership and Field Services manages the following program areas: Membership Operations, Student Initiatives, Recent Graduate Initiatives and Veterinary Career Resources.

Membership Operations include the recruitment and retention of members, membership application processing, membership dues invoicing and member services. Member services encompasses a wide range of activities including responding to incoming member communication via email, phone & fax, ensuring delivery of member subscriptions, managing the group pay program and more.

Student Initiatives include providing association administrative support and leadership to Student AVMA, 37 student chapters of AVMA, in person visits to veterinary campuses in the United States and abroad. Student Initiatives also oversees the online Student AVMA dues process, SAVMA Symposium registration and student subscriptions to AVMA journals.

Recent Graduate Initiatives includes delivery of member benefits for members transitioning from students to early career professionals via the MyVeterinaryLife website, oversight of the Early Career Development Committee, the Early Career Online Community and contributes to the Wellbeing and Veterinary Debt Initiative efforts.

Veterinary Career Services include oversight of the Veterinary Center, Veterinary Career Network and career development programs including educational resources and webinars, virtual career fairs and activities at AVMA Convention.

The division also oversees the rental requests of Association's membership lists, communication with State and Allied Constituent Veterinary Organizations in the House of Delegates and veterinary colleges when it comes to member information and verification of membership to meet established guidelines for representation in AVMA House of Delegates.

Veterinary Economics

The Veterinary Economics division conducts economic research and analysis on the veterinary workforce and veterinary practices. The division develops and manages economic programs and projects consistent with AVMA strategic goals. The division provides support to the Veterinary Economics Strategy Committee and delivers the Annual Veterinary Workforce Summit.

NOTE 18. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES (CONTINUED)

Enhance Professional Development & Lifelong Learning

Convention and Meeting Planning

The Convention and Meeting Planning (CMP) division supports AVMA members to advance veterinary medicine by providing quality educational opportunities. The goal of AVMA Annual Convention is to provide superior continuing education to the veterinary community for professional advancement and a forum for collegial networking. The CMP division manages the annual Veterinary Leadership Conference held in January. This conference is designed to develop leaders for the benefit of the individual and the veterinary profession. In addition, the division manages the Animal Welfare Symposium, Public Policy Symposium, assists with SAVMA Annual Meeting and the meetings in AVMA Conference Center and at the Embassy Suites.

Education and Research

Education and Research benefit the membership of AVMA by providing accreditation for colleges/schools of veterinary medicine in the United States and Canada, and foreign colleges with the means to become AVMA accredited; and providing accreditation for veterinary technology programs in the United States, Canada (1) and Puerto Rico. A mechanism to assist foreign veterinary graduates to demonstrate veterinary medical educational equivalence is also furnished. The American Board of Veterinary Specialties recommends initial and continuing recognition of veterinary specialty organizations and provides advice to developing new specialties and specialty organizations. Support for AVMA research goals is provided. The Council on Research establishes research priorities and promotes improved funding for animal health research.

Publications

AVMA publications are integral to its mission of improving animal and human health and advancing the veterinary medical profession. The mission of the *Journal of the American Veterinary Medical Association*, which is AVMA's official journal, is to promote the science and art of veterinary medicine and to provide a forum for discussion and dissemination of ideas important to the veterinary profession. The mission of the *American Journal of Veterinary Research* is to publish peer-reviewed reports of the highest quality research that has the clear potential to enhance the health, welfare, and performance of animals and humans. Both of these journals are provided to subscribers in print and online formats.

AVMA produces two electronic newsletters - the *JAVMA News Bulletin* and *JAVMA: In This Issue* - that are available to members and provide summaries of news and reports published in the *JAVMA*, along with links to the online content.

AVMA Annual Convention Daily News is published daily during AVMA Annual Convention to promote the convention and report on convention activities.

The division also provides specialized library services for AVMA staff, members and the public.

NOTE 18. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES (CONTINUED)

Advance Professional Policy and Practice

Animal Welfare

Protecting animal welfare has been identified as a key issue for AVMA, and the Animal Welfare Division (AWD) provides infrastructure and resources to support related objectives. The Division provides in-house scientific reviews on topics of interest; supports the committees, panels, and working groups that develop and recommend AVMA policy on animal welfare and the human animal bond; implements approved policies and projects; conducts outreach via presentations and communications to stakeholders; maintains liaisons to allied organizations; and responds to member requests for information. In addition to its policy and entity support, the AWD manages two programs, Reaching UP (a population control and preventive services program addressing companion animals owned by underserved populations) and the Animal Welfare Judging and Assessment Contest (an intercollegiate event designed to enhance awareness and understanding of the welfare of animals used for human purposes, such as agriculture, biomedical research, and companionship), and also hosts student externs interested in animal welfare science and policy through AVMA Headquarters Student Externship Program.

Division of Animal and Public Health

The Division of Animal and Public Health (DAPH) supports several AVMA entities focused on advancing the art and science of veterinary medicine in a broad range of areas, including public health and food safety, regulatory veterinary medicine, emergency preparedness and response, One Health, veterinary environmental matters, animal agriculture, aquatic veterinary medicine, and animal biologics and therapeutics. Working with these entities, the division identifies and analyzes issues, assists in developing resources, and facilitates approval and implementation of policy recommendations that are often focused upon federal regulatory agencies and international standard-setting bodies. In addition, the division provides scientific content support to other divisions of AVMA and provides staff support for the Veterinary Medical Assistance Team program.

Leverage Relationships and World-Class Advocacy Efforts

State Advocacy

The Division of State Advocacy (DSA) works collaboratively with state veterinary medical associations to promote state-level legislative and regulatory environments that support the profession and help assure the continued delivery of quality veterinary services. The division provides staff support for the State Advocacy Committee (SAC) and conducts outreach to state-level legislators and regulators, the legal community, and others in furtherance of AVMA's state-level advocacy goals and to enhance the visibility of veterinarians and AVMA as sources of valued expertise for sound public policy. The division also helps emerging veterinary leaders develop their leadership skills by providing and coordinating staff resources in support of AVMA's Future Leaders Program.

NOTE 18. DESCRIPTION OF PROGRAMS AND SUPPORTING SERVICES (CONTINUED)

Leverage Relationships and World-Class Advocacy Efforts (continued)

Governmental Relations

The Governmental Relations Division (GRD) advocates Association's policies and positions on federal legislative and regulatory issues that influence animal health and welfare and human health and advance the veterinary medical profession. GRD provides staff resources to support two committees within AVMA, AVMA Legislative Advisory Committee (LAC) and AVMA Political Action Committee (PAC Fund). The PAC Fund is a fund established by AVMA to support federal congressional candidates to promote the interests and further the purposes of AVMA. The PAC Fund is funded by contributions from Association Members and Student Association (SAVMA) members. The PAC Fund is subject to income tax as a separate segregated fund under Section 527 of the Internal Revenue Code on the PAC Fund's investment income, if any. GRD administers AVMA Fellowship Program for up to three Association members to spend a year in Washington, D.C., working in the legislative or executive branches of government. In addition, the GRD Student Externship program offers third and fourth year veterinary students the opportunity to spend four weeks in Washington, D.C. to learn about the public policy-making process.

Shared Business Services

Management and General

Management and general activities include maintaining a professional business operation which administers to the Board of Directors, House of Delegates, AVMA membership and staff. This includes governance administration, marketing, crisis communications, electronic communications, information technology services, human resources, managing the financial and budgetary responsibilities, and the operation of the physical facilities of AVMA. Included in this classification are the divisions of the Office of the Executive Vice President, Finance and Business Services, Digital Services & Solutions, Marketing & Communications, and the House of Delegates/Board of Directors.

NOTE 19. COMMITMENTS

AVMA has entered into contracts for services and accommodations for future annual conventions. These contracts include clauses which would require AVMA to pay certain amounts if a future convention was to be canceled. AVMA believes this risk to be minimal.

NOTE 20. LITIGATION

The Organizations are subject to lawsuits which arise in the ordinary course of business. The outcome of any pending litigation is currently not determinable. In the opinion of management, the outcome of these matters will not have a material effect on the Organizations' financial position.

NOTE 21. RISKS AND UNCERTAINTIES

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

NOTE 22. IMPACT OF COVID-19 AND NEWLY ENACTED LEGISLATION

As a result of the spread of the COVID-19 pandemic, economic uncertainties may negatively impact the Organizations' operations and financial condition.

Several major legislative relief packages were enacted in response to the coronavirus outbreak, containing numerous tax, emergency funding and other regulatory provisions. The Organizations continue to evaluate the impact of newly enacted legislation on its operations and cash flows.

The Organizations have taken proactive steps to ensure that they continue to operate efficiently and effectively while staff work remotely and continue to provide a high level of service.

In order to maintain operational efficiency several key staff went to the office on an as needed basis to make sure dues were received and processed timely, all other payments were received and processed, and bills were received and paid on time. In the event that an in-office presence was necessary, protocols were put in-place to ensure employee safety.

All AVMA hosted events along with council, committee and HOD/BOD meetings were successfully transitioned to virtual settings.

Supplementary Information

American Veterinary Medical Association

Consolidating Statement of Financial Position

December 31, 2020

	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 18,895,729	\$ 2,501,691	\$ -	\$ 21,397,420
Accounts receivable	975,882	-	-	975,882
Donations receivable - net	-	1,224,692	-	1,224,692
Accrued interest receivable	45,688	12,713	-	58,401
Other receivables	37,856	-	-	37,856
Inventory	-	4,400	-	4,400
Prepaid expenses	<u>864,880</u>	<u>-</u>	<u>-</u>	<u>864,880</u>
Total	<u>20,820,035</u>	<u>3,743,496</u>	<u>-</u>	<u>24,563,531</u>
Investments	<u>53,803,251</u>	<u>4,884,146</u>	<u>-</u>	<u>58,687,397</u>
Property and equipment				
Property and equipment	22,238,595	174,241	-	22,412,836
Less accumulated depreciation and amortization	<u>(14,700,104)</u>	<u>(23,787)</u>	<u>-</u>	<u>(14,723,891)</u>
Net property and equipment	<u>7,538,491</u>	<u>150,454</u>	<u>-</u>	<u>7,688,945</u>
Total assets	<u>\$ 82,161,777</u>	<u>\$ 8,778,096</u>	<u>\$ -</u>	<u>\$ 90,939,873</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 707,697	\$ 44,328	\$ -	\$ 752,025
Accrued payroll and related taxes	336,400	-	-	336,400
Accrued retirement plan expenses	1,241,397	-	-	1,241,397
Accrued real estate and UBIT taxes	362,350	-	-	362,350
Clinical proficiency exam payments	918,270	-	-	918,270
Due to other related organizations	15,001	-	-	15,001
Deferred income	22,851,885	-	-	22,851,885
Deferred compensation plan	2,208,767	-	-	2,208,767
Accrued paid time off	3,164,642	-	-	3,164,642
Tenant deposits	<u>22,430</u>	<u>-</u>	<u>-</u>	<u>22,430</u>
Total liabilities	<u>31,828,839</u>	<u>44,328</u>	<u>-</u>	<u>31,873,167</u>
Net assets				
Without donor restrictions	50,332,938	2,351,447	-	52,684,385
With donor restrictions	<u>-</u>	<u>6,382,321</u>	<u>-</u>	<u>6,382,321</u>
Total	<u>50,332,938</u>	<u>8,733,768</u>	<u>-</u>	<u>59,066,706</u>
Total liabilities and net assets	<u>\$ 82,161,777</u>	<u>\$ 8,778,096</u>	<u>\$ -</u>	<u>\$ 90,939,873</u>

American Veterinary Medical Association

Consolidating Statement of Financial Position

December 31, 2019

	<u>Association</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets				
Cash and cash equivalents	\$ 16,047,776	\$ 1,537,402	\$ -	\$ 17,585,178
Accounts receivable	1,222,101	-	-	1,222,101
Donations receivable - net	-	1,431,021	-	1,431,021
Accrued interest receivable	29,178	3,431	-	32,609
Other receivables	87,517	-	(16,603)	70,914
Inventory	-	4,400	-	4,400
Prepaid expenses	<u>1,288,364</u>	<u>1,620</u>	<u>-</u>	<u>1,289,984</u>
Total	<u>18,674,936</u>	<u>2,977,874</u>	<u>(16,603)</u>	<u>21,636,207</u>
Investments	<u>50,781,319</u>	<u>4,468,258</u>	<u>-</u>	<u>55,249,577</u>
Property and equipment				
Property and equipment	22,091,521	174,241	-	22,265,762
Less accumulated depreciation and amortization	<u>(13,607,041)</u>	<u>(23,787)</u>	<u>-</u>	<u>(13,630,828)</u>
Net property and equipment	<u>8,484,480</u>	<u>150,454</u>	<u>-</u>	<u>8,634,934</u>
Total assets	<u>\$ 77,940,735</u>	<u>\$ 7,596,586</u>	<u>\$ (16,603)</u>	<u>\$ 85,520,718</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 1,586,311	\$ 88,246	\$ -	\$ 1,674,557
Accrued payroll and related taxes	141,798	-	-	141,798
Accrued retirement plan expenses	1,114,464	16,603	(16,603)	1,114,464
Accrued real estate and UBIT taxes	450,086	-	-	450,086
Clinical proficiency exam payments	726,710	-	-	726,710
Due to other related organizations	65,876	-	-	65,876
Deferred income	22,968,023	-	-	22,968,023
Deferred compensation plan	2,128,082	-	-	2,128,082
Accrued paid time off	3,060,867	15,939	-	3,076,806
Tenant deposits	<u>20,266</u>	<u>-</u>	<u>-</u>	<u>20,266</u>
Total liabilities	<u>32,262,483</u>	<u>120,788</u>	<u>(16,603)</u>	<u>32,366,668</u>
Net assets				
Without donor restrictions	45,678,252	1,357,538	-	47,035,790
With donor restrictions	<u>-</u>	<u>6,118,260</u>	<u>-</u>	<u>6,118,260</u>
Total	<u>45,678,252</u>	<u>7,475,798</u>	<u>-</u>	<u>53,154,050</u>
Total liabilities and net assets	<u>\$ 77,940,735</u>	<u>\$ 7,596,586</u>	<u>\$ (16,603)</u>	<u>\$ 85,520,718</u>

American Veterinary Medical Association

Consolidating Statement of Activities

Year Ended December 31, 2020

	Association			Foundation			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenue								
Dues	\$ 28,302,636	\$ -	\$ 28,302,636	\$ -	\$ -	\$ -	\$ -	\$ 28,302,636
Donations	-	-	-	776,631	2,034,277	2,810,908	(150,000)	2,660,908
In-kind donations	-	-	-	500,402	-	500,402	(500,000)	402
Convention	1,304,416	-	1,304,416	-	-	-	-	1,304,416
Advertising	633,333	-	633,333	-	-	-	-	633,333
Career Center	5,626,617	-	5,626,617	-	-	-	-	5,626,617
Subscriptions	443,901	-	443,901	-	-	-	-	443,901
Accreditation and related fees	772,511	-	772,511	-	-	-	-	772,511
Rental income	273,389	-	273,389	-	-	-	-	273,389
Non-convention sponsorships	691,000	-	691,000	-	-	-	-	691,000
Quality Assurance Program	297,506	-	297,506	-	-	-	-	297,506
Royalties	410,755	-	410,755	-	-	-	-	410,755
Manuscript processing fees	130,952	-	130,952	-	-	-	-	130,952
Printed materials	40,161	-	40,161	-	-	-	-	40,161
ECFVG Program	264,964	-	264,964	-	-	-	-	264,964
Mailing lists and labels	41,545	-	41,545	-	-	-	-	41,545
Event registration revenue	197,125	-	197,125	-	-	-	-	197,125
Other income	209,451	-	209,451	-	-	-	-	209,451
Net assets released from restrictions	-	-	-	1,844,221	(1,844,221)	-	-	-
Total revenue	39,640,262	-	39,640,262	3,121,254	190,056	3,311,310	(650,000)	42,301,572
Expenses								
Program services:								
Drive lifelong membership	2,679,185	-	2,679,185	-	-	-	(100,000)	2,579,185
Lifelong learning	11,515,099	-	11,515,099	-	-	-	-	11,515,099
Advocacy	2,791,689	-	2,791,689	-	-	-	-	2,791,689
Policy	2,677,190	-	2,677,190	-	-	-	-	2,677,190
Disaster relief	67,109	-	67,109	572,508	-	572,508	-	639,617
Education	75,130	-	75,130	640,917	-	640,917	-	716,047
Animal welfare	55,350	-	55,350	472,170	-	472,170	-	527,520
Research	12,734	-	12,734	108,627	-	108,627	-	121,361
Management and general	16,302,868	-	16,302,868	660,883	-	660,883	(550,000)	16,413,751
Fundraising	89,283	-	89,283	27,407	-	27,407	-	116,690
Membership Development	2,040,907	-	2,040,907	-	-	-	-	2,040,907
Total expenses	38,306,544	-	38,306,544	2,482,512	-	2,482,512	(650,000)	40,139,056
Change in net assets before net investment return	1,333,718	-	1,333,718	638,742	190,056	828,798	-	2,162,516
Net investment return	3,320,968	-	3,320,968	355,167	74,005	429,172	-	3,750,140
Change in net assets	4,654,686	-	4,654,686	993,909	264,061	1,257,970	-	5,912,656
Net assets								
Beginning of year	45,678,252	-	45,678,252	1,357,538	6,118,260	7,475,798	-	53,154,050
End of year	\$ 50,332,938	\$ -	\$ 50,332,938	\$ 2,351,447	\$ 6,382,321	\$ 8,733,768	\$ -	\$ 59,066,706

American Veterinary Medical Association

Consolidating Statement of Activities

Year Ended December 31, 2019

	Association			Foundation			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenue								
Dues	\$ 25,645,225	\$ -	\$ 25,645,225	\$ -	\$ -	\$ -	\$ -	\$ 25,645,225
Donations	72,500	-	72,500	522,449	2,495,219	3,017,668	(30,000)	3,060,168
In-kind donations	-	-	-	422,730	-	422,730	(422,730)	-
Convention	4,084,680	-	4,084,680	-	-	-	-	4,084,680
Advertising	936,895	-	936,895	-	-	-	-	936,895
Career Center	5,752,263	-	5,752,263	-	-	-	-	5,752,263
Subscriptions	510,512	-	510,512	-	-	-	-	510,512
Accreditation and related fees	806,283	-	806,283	-	-	-	-	806,283
Rental income	256,614	-	256,614	-	-	-	-	256,614
Non-convention sponsorships	814,300	-	814,300	-	-	-	-	814,300
Quality Assurance Program	360,453	-	360,453	-	-	-	-	360,453
Royalties	428,538	-	428,538	-	-	-	-	428,538
Manuscript processing fees	132,978	-	132,978	-	-	-	-	132,978
Printed materials	81,558	-	81,558	-	-	-	-	81,558
ECFVG Program	288,351	-	288,351	-	-	-	-	288,351
Mailing lists and labels	85,519	-	85,519	-	-	-	-	85,519
Event registration revenue	273,525	-	273,525	-	-	-	-	273,525
Other income	208,991	-	208,991	-	-	-	-	208,991
Net assets released from restrictions	-	-	-	1,394,525	(1,394,525)	-	-	-
Total revenue	<u>40,739,185</u>	<u>-</u>	<u>40,739,185</u>	<u>2,339,704</u>	<u>1,100,694</u>	<u>3,440,398</u>	<u>(452,730)</u>	<u>43,726,853</u>
Expenses								
Program services:								
Drive lifelong membership	2,898,549	-	2,898,549	-	-	-	-	2,898,549
Lifelong learning	14,010,528	-	14,010,528	-	-	-	-	14,010,528
Advocacy	2,826,493	-	2,826,493	-	-	-	-	2,826,493
Policy	2,676,249	-	2,676,249	-	-	-	-	2,676,249
Disaster relief	-	-	-	60,720	-	60,720	-	60,720
Education	-	-	-	837,426	-	837,426	-	837,426
Animal welfare	-	-	-	525,455	-	525,455	-	525,455
Research	-	-	-	110,918	-	110,918	-	110,918
Management and general	18,228,687	-	18,228,687	671,751	-	671,751	(452,730)	18,447,708
Fundraising	-	-	-	141,243	-	141,243	-	141,243
Membership Development	<u>2,443,080</u>	<u>-</u>	<u>2,443,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,443,080</u>
Total expenses	<u>43,083,586</u>	<u>-</u>	<u>43,083,586</u>	<u>2,347,513</u>	<u>-</u>	<u>2,347,513</u>	<u>(452,730)</u>	<u>44,978,369</u>
Change in net assets before net investment return	(2,344,401)	-	(2,344,401)	(7,809)	1,100,694	1,092,885	-	(1,251,516)
Net investment return	<u>6,602,350</u>	<u>-</u>	<u>6,602,350</u>	<u>344,441</u>	<u>324,685</u>	<u>669,126</u>	<u>-</u>	<u>7,271,476</u>
Change in net assets	4,257,949	-	4,257,949	336,632	1,425,379	1,762,011	-	6,019,960
Net assets								
Beginning of year	<u>41,420,303</u>	<u>-</u>	<u>41,420,303</u>	<u>1,020,906</u>	<u>4,692,881</u>	<u>5,713,787</u>	<u>-</u>	<u>47,134,090</u>
End of year	<u>\$ 45,678,252</u>	<u>\$ -</u>	<u>\$ 45,678,252</u>	<u>\$ 1,357,538</u>	<u>\$ 6,118,260</u>	<u>\$ 7,475,798</u>	<u>\$ -</u>	<u>\$ 53,154,050</u>