



American College of Rheumatology, Inc.

Independent Auditor's Report, and Financial Statements

June 30, 2024 and 2023



American College of Rheumatology, Inc.
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June 30, 2024 and 2023

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Independent Auditor's Report

The Board of Directors
American College of Rheumatology, Inc.
Atlanta, Georgia

Opinion

We have audited the financial statements of American College of Rheumatology, Inc. (the "College"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year from the date of this report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Atlanta, Georgia
November 15, 2024**

American College of Rheumatology, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 3,999,745	\$ 5,453,841
Investments	33,423,085	34,188,512
Accounts receivable	4,042,723	2,871,305
Deposits and other assets	1,558,053	1,526,403
Property and equipment, net	1,958,574	7,223,934
Property and equipment held for sale, net	4,809,206	-
	<u>49,791,386</u>	<u>51,263,995</u>
Total assets	<u>\$ 49,791,386</u>	<u>\$ 51,263,995</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Subscriptions payable	\$ 308,659	\$ 278,782
Accounts payable and accrued expenses	1,527,996	1,793,143
Contribution payable to Foundation	4,500,000	6,000,000
Other liabilities	49,866	95,997
Deferred revenue	7,627,878	7,512,243
	<u>14,014,399</u>	<u>15,680,165</u>
Total liabilities	<u>14,014,399</u>	<u>15,680,165</u>
Net Assets		
Net assets without donor restrictions	<u>35,776,987</u>	<u>35,583,830</u>
	<u>\$ 49,791,386</u>	<u>\$ 51,263,995</u>
Total liabilities and net assets	<u>\$ 49,791,386</u>	<u>\$ 51,263,995</u>

American College of Rheumatology, Inc.
Statements of Activities
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in net assets		
Revenue		
Meetings	\$ 14,708,911	\$ 15,593,137
Royalties	5,806,678	6,248,097
Membership dues	2,385,145	1,909,324
Subscription Income	532,226	586,206
Sales	13,906	14,420
Gifts and grants	5,756,223	7,034,573
Investment and interest income	604,892	664,187
Net realized and unrealized gains on investments	4,393,103	3,370,112
Other	3,245,673	3,173,858
	<u>37,446,757</u>	<u>38,593,914</u>
Expenses		
Program services:		
Annual Meeting Education	9,098,709	9,672,069
Professional Education	1,705,182	3,271,936
Enterprise Solutions	374,000	1,007,888
Rheumatology Training	1,205,517	1,143,924
Professional Certifications	139,669	160,324
Association of Rheumatology Professionals (ARP)	739,903	727,052
Medical Journals	1,676,102	2,327,143
Communications	1,111,290	1,144,148
Practice (CORC)	750,360	734,201
Government Affairs	1,367,296	1,338,591
Research	307,898	307,043
Workforce	897,270	1,087,054
Quality	1,123,513	1,300,092
Registry	2,132,868	2,076,870
Collaborative Projects	2,084,726	1,847,147
	<u>24,714,303</u>	<u>28,145,482</u>
Supporting services – management and general	<u>12,539,297</u>	<u>12,057,647</u>
	<u>37,253,600</u>	<u>40,203,129</u>
Change in Net Assets	193,157	(1,609,215)
Net Assets at Beginning of Year	<u>35,583,830</u>	<u>37,193,045</u>
Net Assets at End of Year	<u>\$ 35,776,987</u>	<u>\$ 35,583,830</u>

American College of Rheumatology, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services														Supporting Services		Total 2024		
	Annual Meeting Education	Professional Education	Enterprise Solutions	Rheumatology Training	Professional Certification	ARP	Medical Journals	Communi-cations	Practice (CORC)	Government Affairs	Research	Workforce	Quality	Registry	Collaborative Projects	Total		Management and General	
Salaries and benefits	\$ 1,705,836	\$ 803,025	\$ 277,928	\$ 412,475	\$ 108,514	\$ 360,933	\$ 549,452	\$ 647,698	\$ 584,901	\$ 727,256	\$ 82,254	\$ 185,091	\$ 604,630	\$ 706,484	\$ 815,065	\$ 8,571,542	\$ 8,673,437	\$ 17,244,979	
Professional fees	1,817,181	209,132	23,474	449,939	20,181	130,248	1,035,515	370,279	19,442	57,186	72,888	682,092	303,963	1,117,481	1,098,442	7,407,443	1,781,675	9,189,118	
Conferences, conventions, and meetings	4,241,036	397,135	-	168,182	-	36,820	7,349	5,193	6,012	166,413	78,101	8,989	1,310	4,139	6,165	5,126,844	397,046	5,523,890	
Travel	541,582	40,126	-	93,431	-	48,537	11,469	-	62,082	209,953	59,730	1,981	30	1,212	8,425	1,078,558	320,865	1,399,423	
Postage, printing and publications	66,448	6,637	-	1,063	-	2,341	52	2	12	13,656	385	10	-	1,739	6,383	98,728	57,403	156,131	
Occupancy	29,474	14,070	5,088	7,260	1,901	6,328	9,816	11,349	10,247	50,143	1,441	3,272	10,592	10,999	15,013	186,993	150,266	337,259	
Supplies	47,490	9,495	382	874	123	777	633	756	1,472	1,920	3,606	259	683	1,484	3,283	73,237	49,816	123,053	
Equipment maintenance and rental	3,610	1,735	611	892	234	780	1,210	1,399	1,264	1,571	178	401	1,306	1,356	1,851	18,398	26,490	44,888	
Telephone, technology and internet	96,647	108,423	38,407	18,854	3,761	25,916	23,226	28,247	37,804	31,460	5,351	6,704	35,523	222,913	80,603	763,839	381,195	1,145,034	
Depreciation	78,088	62,955	25,407	32,056	3,912	98,680	20,197	23,350	21,085	26,218	2,965	6,687	49,741	58,729	30,890	540,960	299,828	840,788	
Training and educational materials	630	32,260	-	11,110	-	5,145	11,315	16,782	415	71,976	-	-	109,807	289	8,691	268,420	153,383	421,803	
Insurance	105,695	7,721	2,703	3,981	1,043	3,472	5,387	6,228	5,624	6,993	791	1,784	5,813	6,035	8,238	171,508	84,102	255,610	
Income tax credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,943	4,943
Other	364,992	12,468	-	5,400	-	19,926	481	7	-	2,551	208	-	115	8	1,677	407,833	158,848	566,681	
	<u>\$ 9,098,709</u>	<u>\$ 1,705,182</u>	<u>\$ 374,000</u>	<u>\$ 1,205,517</u>	<u>\$ 139,669</u>	<u>\$ 739,903</u>	<u>\$ 1,676,102</u>	<u>\$ 1,111,290</u>	<u>\$ 750,360</u>	<u>\$ 1,367,296</u>	<u>\$ 307,898</u>	<u>\$ 897,270</u>	<u>\$ 1,123,513</u>	<u>\$ 2,132,868</u>	<u>\$ 2,084,726</u>	<u>\$24,714,303</u>	<u>\$12,539,297</u>	<u>\$ 37,253,600</u>	

American College of Rheumatology, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services														Supporting Services	Total 2023		
	Annual Meeting Education	Professional Education	Enterprise Solutions	Rheumatology Training	Professional Certification	ARP	Medical Journals	Communi-cations	Practice (COCR)	Government Affairs	Research	Workforce	Quality	Registry	Collaborative Projects		Total	Management and General
Salaries and benefits	\$ 1,292,785	\$ 1,030,365	\$ 718,916	\$ 332,588	\$ 122,932	\$ 394,523	\$ 1,439,309	\$ 552,800	\$ 543,298	\$ 645,605	\$ 164,106	\$ 124,510	\$ 668,673	\$ 657,293	\$ 737,581	\$ 9,425,284	\$ 8,409,561	\$ 17,834,845
Professional fees	3,236,908	369,629	130,838	388,008	23,613	191,355	688,549	486,999	14,215	117,816	27,645	934,832	496,100	1,104,138	980,824	9,191,469	1,459,010	10,650,479
Conferences, conventions, and meetings	4,276,059	1,125,791	-	177,721	-	33,132	6,762	3,011	7,599	153,230	86,508	4,160	-	-	4,840	5,878,813	411,636	6,290,449
Travel	13,749	539,948	-	185,684	-	51,968	13,253	-	84,042	211,288	8,145	4,003	-	644	9,544	1,122,268	439,780	1,562,048
Postage, printing and publications	68,907	12,417	-	565	-	446	273	2,783	-	13,509	143	799	24	702	8,436	109,004	46,683	155,687
Occupancy	22,742	20,453	14,333	6,631	2,451	6,706	27,040	11,021	10,832	62,742	3,272	2,482	13,331	13,230	13,730	230,996	162,354	393,350
Supplies	93,731	7,313	683	476	117	320	1,289	1,582	1,128	(852)	156	2,106	635	769	3,352	112,805	35,464	148,269
Equipment maintenance and rental	2,618	2,592	1,650	763	282	931	3,112	1,269	1,247	1,483	377	286	1,535	1,523	1,580	21,248	21,923	43,171
Telephone, technology and internet	79,968	59,876	97,545	24,631	6,020	20,604	72,491	32,458	46,896	38,704	9,061	6,329	37,724	233,036	55,294	820,637	377,591	1,198,228
Depreciation	53,082	67,736	38,851	13,509	4,042	13,264	44,591	18,175	17,863	21,249	5,396	4,094	49,930	57,917	22,641	432,340	272,348	704,688
Training and educational materials	12,173	7,882	-	2,123	-	1,423	2,717	30,144	2,773	76,768	1,076	-	27,288	2,562	3,175	170,104	104,414	274,518
Insurance	84,238	7,237	5,072	2,346	867	2,373	9,568	3,900	3,833	4,560	1,158	880	4,717	4,681	4,858	140,288	58,209	198,497
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(452)	(452)
Other	435,109	20,697	-	8,879	-	10,007	18,189	6	475	(7,511)	-	2,573	135	375	1,292	490,226	259,126	749,352
	<u>\$ 9,672,069</u>	<u>\$ 3,271,936</u>	<u>\$ 1,007,888</u>	<u>\$ 1,143,924</u>	<u>\$ 160,324</u>	<u>\$ 727,052</u>	<u>\$ 2,327,143</u>	<u>\$ 1,144,148</u>	<u>\$ 734,201</u>	<u>\$ 1,338,591</u>	<u>\$ 307,043</u>	<u>\$ 1,087,054</u>	<u>\$ 1,300,092</u>	<u>\$ 2,076,870</u>	<u>\$ 1,847,147</u>	<u>\$ 28,145,482</u>	<u>\$ 12,057,647</u>	<u>\$ 40,203,129</u>

American College of Rheumatology, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets	\$ 193,157	\$ (1,609,215)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	840,788	704,688
Net realized and unrealized gains on investments	(4,393,103)	(3,370,112)
Change in assets and liabilities:		
Accounts receivable	(1,171,418)	932,429
Deposits and other assets	(31,650)	(774,065)
Subscriptions payable	29,877	(37,424)
Accounts payable and accrued expenses	(265,147)	(1,335,888)
Contribution payable to Foundation	(1,500,000)	(1,500,000)
Other liabilities	(46,131)	(7,899)
Deferred revenue	115,635	678,135
	<u>(6,227,992)</u>	<u>(6,319,351)</u>
Net cash used in operating activities		
Investing Activities		
Purchases of property and equipment	(384,634)	(1,088,818)
Purchases of investments	(23,765,799)	(19,819,733)
Proceeds from sale of investments	28,924,329	24,855,556
	<u>4,773,896</u>	<u>3,947,005</u>
Net cash provided by investing activities		
Net change in cash and cash equivalents	(1,454,096)	(2,372,346)
Cash and Cash Equivalents at Beginning of the Year	<u>5,453,841</u>	<u>7,826,187</u>
Cash and Cash Equivalents at End of the Year	<u>\$ 3,999,745</u>	<u>\$ 5,453,841</u>

Note 1. Description of Organization

The American College of Rheumatology, Inc. (the “College”) is an organization of and for physicians, health professionals, and scientists. The College advances rheumatology through programs of education, research, advocacy and practice support that foster excellence in the care of people with arthritic, rheumatic and musculoskeletal diseases.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The College’s net assets are not subject to donor-imposed stipulations and have been classified as net assets without donor restrictions in the accompanying financial statements. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue. The Board of Directors of the College has internally designated funds for possible future operating contingencies that may require funding, long-term investment, and ongoing replacement of fixed assets.

Revenue Recognition

Revenues from nonexchange contracts with resource providers are accounted for in accordance with the guidance for contributions and promises to give under Accounting Standards Codification (“ASC”) Topic 958, while revenues from exchange contracts with customers are accounted for in accordance with ASC Topic 606. The determination of whether a contract is exchange or nonexchange requires management to exercise judgment and evaluate subjective criteria about whether there is a reciprocal exchange of commensurate value that flows to the direct benefit of the parties to the contract. Although the accounting guidance differs for exchange and nonexchange contracts, in practice, the timing and amount of revenue recognition for the College’s contracts generally would not differ significantly under either Topic.

Under Topic 958, nonexchange transactions may be conditional or unconditional. If there is both 1) a barrier and 2) a right of return or release of the resource provider’s obligation to transfer assets, then the contribution is conditional. If both criteria are not present, then the contribution is unconditional and is recognized upon satisfaction of any conditions. A contribution also may include a purpose or use restriction on the funding or may be intended for use in a future year and thus have an explicit or implicit time restriction. Once a contribution becomes unconditional, an entity shall consider whether there is a purpose or time restriction prior to recognizing the funds as unrestricted revenue.

Revenue from member dues is recognized ratably over the duration of the membership term. Exhibit fees and registrations are recognized when the event occurs. Grant income is recognized according to the terms of the grant.

The College’s nonexchange contracts with federal and state resource providers are generally conditional, in that there are specific performance-related barriers and a right of release of the resource provider’s obligation if the College does not overcome a barrier. Generally, barriers are related to the performance of allowable activities and incurrence of allowable costs under the contracts; thus, conditions are satisfied as allowable costs under a contract are incurred.

Cash and Cash Equivalents

Cash equivalents include money market funds and other highly liquid investments with original maturities of three months or less when purchased. The College maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The College has not experienced losses in such accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. These securities consist primarily of investments in equity securities, equity funds, bond mutual funds, mortgage-backed securities, corporate bonds, and U.S. treasury notes. Investment income is recognized when earned.

Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years for equipment and 40 years for buildings. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Deductions are made for retirements resulting from renewals or betterments.

Deferred Revenue

Deferred revenue consists primarily of member dues, exhibit fees, registrations, and grant income. The funds are recognized as revenue when earned.

Functional Expenses

Expenses which relate to more than one functional purpose are allocated among functions based on procedures that determine the portion of the cost related to each function.

Use of Estimates

Management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Fair Value Measurements

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The College utilizes market data or assumptions that market participants would use in pricing the asset or liability. Accounting literature establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1 - defined as observable inputs such as quoted prices in active markets;

Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3 - defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

American College of Rheumatology, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Adoption of New Accounting Standard—Allowance for Credit Losses

Effective July 1, 2023, the College implemented new guidance related to accounting for credit losses. Under the standard, expected credit losses on in-scope financial instruments are estimated and recognized prior to the loss being incurred. Disclosures under the new guidance are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit loss. Financial assets held by the College that are subject to the guidance are accounts receivable. The impact of the adoption was not considered material to the financial statements.

Subsequent Events

The College evaluated the effect subsequent events would have on the financial statements from July 1, 2024 through November 15, 2024, which is the date the financial statements were available to be issued.

Note 3. Income Taxes

The College is recognized as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(6) whereby only unrelated business income, as defined by Section 512(a) of the Code, is subject to federal income tax. During 2024 and 2023, the College recorded a tax (credit) expense of \$4,943 and (\$452) from unrelated business income, respectively. The College has paid the related taxes for the unrelated business income activity, and there are no significant deferred tax assets or liabilities as of June 30, 2024 or 2023.

The College has evaluated its tax positions and determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2024 and 2023, respectively.

American College of Rheumatology, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

Note 4. Investments

The cost and fair value of investments at June 30 are as follows:

	2024		2023	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash Equivalents	\$ 1,661,106	\$ 1,661,106	\$ 1,151,942	\$ 1,151,942
Equity Securities	6,251,115	10,475,600	7,297,358	11,444,417
Equity Funds	10,029,198	13,439,781	10,738,223	13,922,218
Bond Mutual Funds	3,469,542	3,464,394	3,797,743	3,781,655
Mortgage-Backed Securities	1,908,902	1,690,891	1,826,159	1,572,670
Corporate Bonds	2,275,346	2,073,257	1,985,418	1,775,803
U.S. Treasury Notes	<u>683,347</u>	<u>618,056</u>	<u>618,146</u>	<u>539,807</u>
Total	<u>\$ 26,278,556</u>	<u>\$ 33,423,085</u>	<u>\$ 27,414,989</u>	<u>\$ 34,188,512</u>

Prices for certain investment securities are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1. These include cash equivalents, mutual funds, equity securities, U.S. treasury notes, and corporate bonds.

The Level 2 investment securities include asset-backed securities for which quoted prices are not available in active markets for identical instruments. The College utilizes a third-party pricing service to determine the fair value of each of these investment securities. Because quoted prices in active markets for identical assets are not available, these prices are determined using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics. The College did not hold any Level 3 securities as of June 30, 2024 and 2023.

The College's alternative investment funds are included in the equity funds line in table above and are measured at net asset value as a practical expedient for fair value and are accordingly excluded from the fair value hierarchy. These funds include ownership interests in a limited partnership that is a fund of funds. The recorded market price for the fund of fund investment is based on the net asset value of the College's investment in the limited partnership. Underlying assets of these investment funds include venture capital, international and domestic private equity investments, absolute return (hedge) funds, and real estate. The fair value of funds held by the limited partnership is estimated by the individual investment manager taking into account such factors as the financial condition of each investee, economic and market conditions affecting their operations, any changes in management, the length of time since the initial investment, recent transactions involving the securities of the investee, the value of similar securities issued by companies in the same or similar businesses, and limited marketability of the portfolio. Valuations provided by the general partners and investment managers are evaluated by management through accounting and financial reporting processes to review and monitor existence and valuation assertions.

American College of Rheumatology, Inc.
Notes to Financial Statements
June 30, 2024 and 2023

	<u>Fair Value at 6/30/2024</u>	<u>Fair Value at 6/30/2023</u>	<u>Unfunded Commitments</u>	<u>Other Redemption Restrictions</u>	<u>Redemption Notice Period (iii)</u>
Mill Creek International Absolute Return Fund (i)	\$ 1,053,347	\$ 1,620,082	None	Initial 2 year lock-up period; period has lapsed	90 days' notice prior to last day of each 4 quarter period
Mill Creek Private Equity Fund IV (ii)	\$ 559,075	\$ 782,973	\$ 141,308	(iii)	(iii)
Mill Creek Private Equity Fund V (ii)	\$ 645,823	\$ 638,310	\$ 249,975	(iii)	(iii)
Mill Creek Enhanced Income Fund, L.P. (iv)	\$ 2,339,336	\$ 2,062,341	None	Initial 2 year lock-up period; period has lapsed	90 days' notice prior to the end of March and September
Mill Creek Wilshire Private Equity 2022, L.P. (v)	\$ 349,617	\$ 246,599	\$ 638,670	Permitted with General Partner consent	Permitted with General Partner consent

(i) The Mill Creek International Absolute Return Fund is a segregated portfolio of Mill Creek Strategic Return International, Ltd (the "Company"). The Company's principal investment objective is to generate attractive risk-adjusted returns through its investment in the Absolute Return Series of MCSR Master Fund, L.P. (the "Master Fund"). The Company invests substantially all of its assets in the Master Fund. The Master Fund predominantly invests in third-party investment companies. The fund's investment objective is to generate returns through investments in hedge funds as well as mutual funds.

(ii) The Mill Creek Capital Advisors' Private Equity Fund is designed to provide a diversified portfolio for investing in venture capital, buyouts, real estate, and other non-publicly traded equity and debt securities and strategies. The Fund was formed for the purpose of investing, holding, selling, and otherwise dealing in investment securities and other assets. The Fund's investment objective is to generate returns through investments in underlying funds.

(iii) If the aggregate amount requested by investors to be redeemed on any redemption date is greater than 50% of the net asset value of the total fund, the Fund Board may reduce the amount of shares to be redeemed pro rata among investors so that the aggregate amount to be withdrawn equals 50% of the net asset value of the fund.

(iv) The Mill Creek Capital Advisors' Enhanced Income Fund, L.P. is a "fund of funds" designed to provide a diversified portfolio of private investment funds with credit focused investment strategies. The Fund seeks to generate positive total returns and distribute income periodically while assuming the risks of alternative investments in fixed income like assets.

(v) The Mill Creek Wilshire Private Equity 2022, L.P. is designed to allow qualified investors to pool their assets to invest in a diversified private markets portfolio which may include investments in any of the following categories: co-investments, buyouts and venture capital funds.

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Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The College's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the fair value of the assets and their placement within the fair value hierarchy levels.

The following tables set forth by level, within the fair value hierarchy, the College's financial instruments accounted for at fair value on a recurring basis as of June 30, 2024 and 2023.

	Fair Value at June 30, 2024	Asset at Fair Value as of June 30, 2024		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents in money market accounts	\$ 1,661,106	\$ 1,661,106	\$ -	\$ -
Equity securities				
Domestic common stock	7,556,614	7,556,614	-	-
Foreign common stock	2,918,986	2,918,986	-	-
Equity and bond mutual funds				
Large-cap equity funds	276,948	276,948	-	-
International equity fund	4,423,626	4,423,626	-	-
Domestic equity index fund	3,792,009	3,792,009	-	-
Fixed income fund	3,464,394	3,464,394	-	-
Mortgage-backed securities	1,690,891	-	1,690,891	-
Corporate bonds	2,073,257	2,073,257	-	-
U.S Treasury notes	618,056	618,056	-	-
Total assets in the fair value hierarchy	28,475,887	<u>\$ 26,784,996</u>	<u>\$ 1,690,891</u>	<u>\$ -</u>
Investments at NAV (a)	<u>4,947,198</u>			
Total investments at fair value	<u>\$ 33,423,085</u>			

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	Fair Value at June 30, 2023	Asset at Fair Value as of June 30, 2023		
		Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents in Money Market Accounts	\$ 1,151,942	\$ 1,151,942	\$ -	\$ -
Equity Securities				
Domestic Common Stock	9,089,243	9,089,243	-	-
Foreign common stock	2,355,174	2,355,174	-	-
Equity and Bond Mutual Funds				
Large-Cap Equity Funds	358,241	358,241	-	-
International Equity Fund	3,752,847	3,752,847	-	-
Domestic Equity Index Fund	4,460,825	4,460,825	-	-
Fixed income fund	3,781,655	3,781,655	-	-
Mortgage-Backed Securities	1,572,670	-	1,572,670	-
Corporate Bonds	1,775,803	1,775,803	-	-
U.S Treasury Notes	539,807	539,807	-	-
Total assets in the fair value hierarchy	28,838,207	<u>\$ 27,265,537</u>	<u>\$ 1,572,670</u>	<u>\$ -</u>
Investments at NAV (a)	<u>5,350,305</u>			
Total investments at fair value	<u>\$ 34,188,512</u>			

(a) Certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Note 5. Accounts Receivable

Accounts receivable include grants and unconditional promises to give that are due to the College. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional revenue in accordance with donor-imposed restrictions on the contributions, if any.

At June 30, 2024 and 2023, all accounts receivable amounts were expected to be collected within one year. As such, there was no unamortized discount associated with accounts receivable.

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Note 6. Property and Equipment

A summary of property and equipment at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Land	\$ -	\$ 972,195
Building	-	6,050,651
Furniture and equipment	246,657	246,658
IT Infrastructure	1,057,747	1,010,626
Software in use	<u>5,101,196</u>	<u>4,560,951</u>
	6,405,600	12,841,081
Less accumulated depreciation and amortization	<u>4,922,077</u>	<u>6,304,929</u>
Net depreciable property and equipment	1,483,523	6,536,152
Software in development	<u>475,051</u>	<u>687,782</u>
Property and equipment, net	<u>\$ 1,958,574</u>	<u>\$ 7,223,934</u>

As of June 30, 2024, the College held one building for sale with a net book value of \$3,837,011 and held land for sale with a book value of \$972,195.

Note 7. Line of Credit

The College has an open-end revolving line of credit with a maximum loan amount of \$3,000,000 plus interest at the greater of the Term SOFR Daily Floating Rate or the Index Floor (equal to 0.5%) plus 1.5%. No amounts were drawn on the line in 2024 or 2023.

Note 8. Employee Benefit Plans

The College has a defined contribution retirement plan, covering substantially all of its employees. Under the plan, participants receive employer discretionary contributions based on compensation and eligibility. In general, all employees (other than leased employees and independent contractors) of the College are eligible to participate in the plan. Plan entry dates were January 1st, May 1st and September 1st through August 30, 2020. Effective September 1, 2020, the conditions of eligibility to participate in the plan changed. Now employees are required to meet 90 days of service before being eligible to enter the plan. Once the 90 days of service have been completed, the employee automatically becomes a participant of the plan on the first day of the month coinciding with or following meeting the eligibility requirements. Salary deferral changes could only be made on January 1st, May 1st and September 1st through August 30, 2020. Effective September 1, 2020, participants are allowed to make salary deferral changes to their account at any point and time. Retirement expense totaled \$1,149,747 and \$1,029,752 in 2024 and 2023, respectively. Retirement expense is included as salaries and benefits expense on the statement of functional expenses

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Note 9. Related Party Transactions

The College provides management and administrative services to the Rheumatology Research Foundation (the "Foundation"). Management fees charged by the College to the Foundation totaled \$3,224,690 and \$3,168,236 in 2024 and 2023, respectively, which are recorded in other revenue.

Included in accounts receivable at June 30, 2024 and 2023 is \$981,842 and \$342,867, respectively, due from the Foundation.

The College made a \$7,500,000 unrestricted contribution to the Foundation in support of the *Leading Boldly: Transforming Rheumatology* campaign in June 2021. Included in the contribution payable to Foundation at June 30, 2024 and 2023 is \$4,500,000 and \$6,000,000, respectively, for the balance due on the contribution.

Note 10. Subscriptions Payable and Royalty Income

The College signed a new agreement with John Wiley & Sons, Inc. (the "Publisher") effective July 1, 2023. Per the agreement, the Publisher produces the *A&R Journal* publication and the *AC&R* publication, and in return, the College pays a flat fee of \$480,000 per year for the subscriptions. The College had a prior agreement with the Publisher which ended June 30, 2023, whereby the college paid a flat fee of \$500,000. The College also receives royalties from the Publisher. Royalty income related to these publications totaled \$3,511,250 and \$3,864,429 in 2024 and 2023, respectively.

Note 11. Political Action Committee

In March 2007, the College formed RheumPAC, a political action committee defined under Section 527 of the Internal Revenue Code. RheumPAC is registered with the Federal Election Commission and advocates exclusively on behalf of rheumatologists, rheumatology related health professionals, and rheumatic diseases. RheumPAC supports candidates that advance those needs and engages physicians and health professionals in political action. All contributions made to RheumPAC will be used to support congressional candidates. Administrative costs are paid for by the College.

Note 12. Liquidity and Availability of Resources

Financial assets available for general expenditure, without donor or other restrictions that limited their use, within one year of the balance sheet date, are reflected in the balance sheets as assets and include the following balances at June 30:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 3,999,745	\$ 5,453,841
Accounts Receivable	<u>4,042,723</u>	<u>2,871,305</u>
Total	<u>\$ 8,042,468</u>	<u>\$ 8,325,146</u>

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The College's investment portfolio of \$33,423,085 is subject to an annual investment spending policy. Approximately 85% of the portfolio is considered highly liquid, and these amounts could be made available if necessary.