

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The American Board of Internal Medicine and Affiliated Foundation which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The American Board of Internal Medicine and Affiliated Foundation as of June 30, 2023 and 2022, and the results of their operations and their 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The American Board of Internal Medicine and Affiliated Foundation 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.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, in 2023, The American Board of Internal Medicine and Affiliated Foundation adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The American Board of Internal Medicine and Affiliated Foundation's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 American Board of Internal Medicine and Affiliated Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The American Board of Internal Medicine and Affiliated Foundation'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.

Audit Committee
The American Board of Internal Medicine
and Affiliated Foundation

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia Pennsylvania
October 30, 2023

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

ASSETS	2023	2022
Cash and Cash Equivalents	\$ 126,415,088	\$ 94,979,755
Accounts Receivable, Net	102,885	85,538
Investments, at Fair Value	84,481,522	79,744,768
Investments, at Fair Value, Deferred Compensation Plan	1,824,860	1,498,972
Right-of-Use Assets - Operating Leases	46,872,090	-
Prepaid Expenses	2,297,796	2,302,137
Property, Net	330,759	221,599
Furniture and Equipment, Net	1,673,999	2,217,465
	\$ 263,998,999	\$ 181,050,234
Total Assets	\$ 263,998,999	\$ 181,050,234
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts and Grants Payable and Accrued Expenses	\$ 1,943,709	\$ 1,626,942
Accrued Compensation	6,361,072	5,919,724
Deferred Revenue:		
Certifying Examinations	38,673,411	39,859,313
Maintenance of Certification	52,415,879	47,326,739
Deferred Compensation	1,824,860	1,498,972
Deferred Rents	-	11,629,059
Lease Liability:		
Current Portion of Lease Liabilities - Operating Leases	1,019,709	-
Long-Term Lease Liabilities - Operating Leases	57,960,965	-
	160,199,605	107,860,749
Total Liabilities	160,199,605	107,860,749
NET ASSETS		
Without Donor Restrictions	103,339,394	73,049,485
With Donor Restrictions	460,000	140,000
Total Net Assets	103,799,394	73,189,485
	\$ 263,998,999	\$ 181,050,234
Total Liabilities and Net Assets	\$ 263,998,999	\$ 181,050,234

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Gains:		
Certification Exams:		
Internal Medicine	\$ 16,699,371	\$ 15,841,087
Subspecialties and Other	21,150,982	19,366,889
Credit Card Fees	(867,742)	(795,029)
Total Certification Exams	36,982,611	34,412,947
Maintenance of Certification Program:		
Examination	7,137,728	10,070,854
Program Fee	44,220,173	27,791,117
Credit Card Fees	(1,178,819)	(854,408)
Total Maintenance of Certification Program	50,179,082	37,007,563
Other Revenue (Loss):		
Investment Income (Loss), Net	9,147,573	(9,629,443)
Other Income	540,047	597,476
Total Other Revenue (Loss)	9,687,620	(9,031,967)
Total Revenues and Gains	96,849,313	62,388,543
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	232,500	272,500
Total Revenues, Gains, and Other Support Without Donor Restrictions	97,081,813	62,661,043
OPERATING EXPENSES		
Operating Expenses	66,791,904	61,022,101
Total Operating Expenses	66,791,904	61,022,101
Change in Net Assets Without Donor Restrictions	30,289,909	1,638,942
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grant Revenue	552,500	212,500
Net Assets Released from Restrictions	(232,500)	(272,500)
Change in Net Assets With Donor Restrictions	320,000	(60,000)
CHANGE IN NET ASSETS	30,609,909	1,578,942
Net Assets - Beginning of Year	73,189,485	71,610,543
NET ASSETS - END OF YEAR	\$ 103,799,394	\$ 73,189,485

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 30,609,909	\$ 1,578,942
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Reinvested Dividends	(5,109,253)	(7,471,097)
Unrealized (Gain) Loss on Investments, Net	132,121	14,379,920
Realized Gain on Sale of Investments, Net	(4,822,907)	(2,543,837)
Depreciation and Amortization	1,265,647	1,612,739
Amortization of Right-of-Use Assets – Operating Leases	1,396,238	-
Deferred Compensation Expense (Benefit)	-	69,298
Deferred Rents	(11,629,059)	856,260
(Increase) Decrease in Assets:		
Accounts Receivable	(17,347)	140,525
Prepaid Expenses	4,341	(463,873)
Increase (Decrease) in Liabilities:		
Accounts and Grants Payable and Accrued Expenses	11,029,113	328,563
Accrued Compensation	441,348	431,878
Deferred Revenue	3,903,238	3,183,006
Net Cash Provided by Operating Activities	<u>27,203,389</u>	<u>12,102,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale and Maturities of Investments	5,117,563	9,148,841
Purchases of Investments	(54,278)	(795,612)
Purchases of Property, Furniture, and Equipment	<u>(831,341)</u>	<u>(1,081,226)</u>
Net Cash Provided by Investing Activities	<u>4,231,944</u>	<u>7,272,003</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS	31,435,333	19,374,327
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents - Beginning of Year	<u>94,979,755</u>	<u>75,605,428</u>
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS - END OF YEAR	<u>\$ 126,415,088</u>	<u>\$ 94,979,755</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
ROU Asset Received in Exchange for Operating Lease	<u>\$ 539,896</u>	<u>\$ -</u>

See accompanying Notes to Consolidated Financial Statements.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

Principles of Consolidation

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

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are stated at their estimated net realizable values. Accounts receivable do not bear interest. It is the Organization's policy to provide an allowance for doubtful accounts on its accounts receivable. The allowance is based on management's estimate of amounts that may not be collected. Delinquency of accounts receivable is generally not a significant issue because most accounts receivable relate to the Maintenance of Certification (MOC) program.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Management is generally able to collect amounts due or restrict a candidate from completing the MOC program in the event of nonpayment. When management determines an account is not collectible it charges such write-off either to the allowance account when required or directly to bad debts expense. At June 30, 2023 and 2022, accounts receivable is recorded net of allowance for doubtful accounts of \$20,000.

Investment Valuation and Investment Income Recognition

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

Property, Furniture, and Equipment, and Depreciation and Amortization

The Organization generally capitalizes eligible expenditures greater than \$1,000. Leasehold improvements are stated at cost and are amortized over the shorter of their estimated useful life or the remaining lease term using the straight-line method. Furniture and equipment, including capitalized software, are stated at cost and are depreciated over 5 to 7 years using the straight-line method.

Impairment of Long-Lived Assets

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

Net Assets Classification

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

Net Assets With Donor Restrictions – Net assets with donor restrictions are net assets that are restricted by donor-imposed stipulations. Some grants are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Net assets may be donor-restricted for various purposes, such as use in future periods or use for specified purposes. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At June 30, 2023 and 2022, the Organization does not have any net assets with donor-imposed restrictions that were perpetual in nature.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

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

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

Program Fee

When registering and paying the program fee, diplomates had the option of paying for just the current year or paying in advance for multiple years up to a total of 10 years including the current year. Registration and payment of the program fee was based upon a calendar year 12-month period. Upon payment of the program fee, a diplomate had access to ABIM's physician portal as well as access to all of ABIM's products and services. Revenue from the program fee was recognized on a straight-line basis through December 31st each year for the number of month's paid since there are no distinct performance obligations. For example, revenue from an annual program fee payment paid by a diplomate on January 1, 2022, would be realized on a straight-line basis over the next 12 months ending on December 31, 2022. The same revenue recognition procedure would apply if a diplomate paid the program fee for 10 years.

The revenue would be realized on a straight-line basis over 120 months. Deferred Revenue Program Fee includes approximately \$676,000 and \$9,853,000 as of June 30, 2023 and 2022, respectively. The deferred revenue will be recognized as program fee revenue on a straight-line basis over the remaining term of the period covered by the payment.

Effective January 2022, the Organization introduced new options to the Maintenance of Certification (MOC) Program with the introduction of the new Longitudinal Knowledge Assessment (LKA). The MOC program maintains the two-component fee structure: (1) a per certificate fee for each certificate maintained and (2) an incremental assessment fee if a diplomate elects a long-form assessment to maintain continued certification.

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

Revenue Recognition (Continued)

Diplomates participating in the LKA will incur an annual charge for each certificate they elect to maintain. Diplomates electing to maintain more than one certificate will realize a discount for each additional certificate maintained. Diplomates that choose not to participate in the LKA and opt to take a long-form assessment are responsible for the annual program fee plus the incremental assessment fee payable upon registration for the long form assessment.

Per Certificate Fee

When paying the per certificate program fee, diplomates have the option of selecting the certificate(s) they wish to maintain and paying just the current year or paying in advance for multiple years up to a total of 10 years (including current year).

Payment of the per certificate program fee is based upon a calendar year 12-month period. Upon payment of the per certificate program fee, diplomates have access to all ABIM's product and services, including the LKA. Revenue from the per certificate program fee is deferred and recognized on a straight-line basis through December 31st of each year for the number of months paid. For example, revenue from an annual per certificate program fee payment paid by a diplomate on January 1, 2022, would be recognized on a straight-line basis over the next 12 months ending on December 31, 2022. The same revenue recognition procedure would apply if a diplomate paid the program fee for 10 years. The revenue would be recognized on a straight-line basis for 120 months. Deferred Revenue in the Per Certificate Program Fees includes approximately \$37,501,000 and \$20,378,000 as of June 30, 2023 and 2022, respectively. The deferred revenue will be recognized as per certificate program fee revenue on a straight-line basis over the remaining term of the period covered by the payment.

Assessments

When choosing an assessment, diplomates can enroll in the LKA or register for the traditional 10-year assessment. Diplomates certified in Cardiology may also have the option of registering for the ABIM/ACC Collaborative Maintenance Pathway. When diplomates select the traditional 10-year assessment, they are required to pay for all assessments at the time of registration. Revenue from traditional assessments are recognized in the month it's taken by the diplomate. Deferred revenue from all assessments paid for in advance include \$9,409,000 and \$11,173,000 as of June 30, 2023 and 2022, respectively. The deferred revenue will be recognized as assessment revenue when the assessment is administered.

The Organization recognizes assessment revenue when the assessment is administered and the portion of the fee applicable to the program fee over the term of contract. The timing of the Organization's revenue recognition may differ from the timing of payment by its diplomats. When payment precedes the provision of the related services, the Organization records deferred revenue until the performance obligations are satisfied.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The opening and closing balances in accounts receivable and deferred revenue were as follows:

	<u>Accounts Receivable</u>	<u>Deferred Revenue</u>
Balance as of July 1, 2021	\$ 226,063	\$ 84,003,046
Balance as of June 30, 2022	85,538	87,186,052
Balance as of June 30, 2023	102,885	91,089,290

Grant Revenue

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

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

Other Income

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

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit and Market Risk

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

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

New Accounting Pronouncements – ASU 2016-02

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard increases the transparency of and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB *Accounting Standards Codification (ASC) 840*. The standard had a material impact on the consolidated statements of financial position but did not have an impact on the consolidated statements of activities, nor consolidated statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the Organization's accounting for finance leases remained substantially unchanged.

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

Leases

The Organization leases equipment and various suites in a building. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the consolidated statements of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on our consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses its incremental borrowing rate, or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Subsequent Events

The Organization has evaluated its subsequent events through October 30, 2023, which represents the date the consolidated financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the consolidated financial statements for the year ended June 30, 2023.

**THE AMERICAN BOARD OF INTERNAL MEDICINE
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 LIQUIDITY

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

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

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 126,415,088	\$ 94,979,755
Accounts Receivable, Net	102,885	85,538
Investments, at Fair Value	<u>84,481,522</u>	<u>79,744,768</u>
Total Financial Assets	210,999,495	174,810,061
Less: Amounts Not Available to be Used Within One Year:		
Investments, at Fair Value		
With Donor Restrictions, Grant Funds	<u>(460,000)</u>	<u>(140,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 210,539,495</u>	<u>\$ 174,670,061</u>

NOTE 3 INCOME TAXES

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

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NOTE 4 INVESTMENTS

The investment portfolio consists of the following at June 30:

Description	2023	
	Fair Value	Cost
Mutual Funds:		
Short-Term Corporate Bond Fund	\$ 2,138,483	\$ 2,151,305
TIFF Multi-Asset Fund	40,321,974	44,798,010
Investment Partnerships:		
TIFF Keystone Fund, L.P.	42,021,065	37,548,445
Subtotal	<u>84,481,522</u>	<u>84,497,760</u>
Money Market Funds	22,156,175	22,156,175
Subtotal	<u>106,637,697</u>	<u>106,653,935</u>
Less: Money Market Funds Reported as Cash	<u>22,156,175</u>	<u>22,156,175</u>
Total	<u>\$ 84,481,522</u>	<u>\$ 84,497,760</u>

Description	2022	
	Fair Value	Cost
Mutual Funds:		
Short-Term Corporate Bond Fund	\$ 2,105,223	\$ 2,136,499
TIFF Multi-Asset Fund	36,517,438	41,194,465
Investment Partnerships:		
TIFF Keystone Fund, L.P.	41,122,107	36,255,360
Subtotal	<u>79,744,768</u>	<u>79,586,324</u>
Money Market Funds	21,351,824	21,351,824
Subtotal	<u>101,096,592</u>	<u>100,938,148</u>
Less: Money Market Funds Reported as Cash	<u>21,351,824</u>	<u>21,351,824</u>
Total	<u>\$ 79,744,768</u>	<u>\$ 79,586,324</u>

Investment income, net, includes the following:

	2023	2022
Realized Gain on Sale of Investments, Net	\$ 4,822,907	\$ 2,543,837
Unrealized (Loss) on Investments, Net	(132,121)	(14,379,920)
Interest and Dividends	4,456,787	2,206,640
Total	<u>\$ 9,147,573</u>	<u>\$ (9,629,443)</u>

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

	2023	2022
Balance - Beginning	\$ 1,498,972	\$ 1,673,929
Employee Deferrals	84,300	88,273
Increase in Fair Value	241,588	(263,230)
Balance - Ending	<u>\$ 1,824,860</u>	<u>\$ 1,498,972</u>

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NOTE 5 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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

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

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value. There have been no changes in the methodologies used during the year ended June 30, 2023.

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

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

Investment Partnerships: Investment partnerships are not traded on an open exchange and the fair values of these funds are not readily determinable. These investments are valued at NAV based on the applicable percentage ownership of the underlying funds' net assets as of the measurement date, as determined by the Organization. The NAV is used as a practical expedient to estimating fair value. In determining fair value of the underlying funds' net assets, the Organization utilizes valuations provided by the underlying investment funds. The underlying investment funds value securities and other financial instruments on a fair value basis of accounting.

The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the general partner or sponsor of the respective alternative investment fund and may not reflect amounts that could be realized upon immediate sale, or amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Assets at Fair Value at June 30, 2023				
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds:				
Bond Funds	\$ 2,138,483	\$ -	\$ -	\$ 2,138,483
Total Mutual Funds	<u>\$ 2,138,483</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,138,483</u>
Investments Measured at NAV (a)				84,167,899
Total Assets				<u>\$ 86,306,382</u>
Liabilities				
457(b) Plan Liability	\$ -	\$ 1,824,860	\$ -	\$ 1,824,860
	<u>\$ -</u>	<u>\$ 1,824,860</u>	<u>\$ -</u>	<u>\$ 1,824,860</u>
Assets at Fair Value at June 30, 2022				
	Level 1	Level 2	Level 3	Total
Assets				
Mutual Funds:				
Bond Funds	\$ 2,105,223	\$ -	\$ -	\$ 2,105,223
Total Mutual Funds	<u>\$ 2,105,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,105,223</u>
Investments Measured at NAV (a)				79,138,517
Total Assets				<u>\$ 81,243,740</u>
Liabilities				
457(b) Plan Liability	\$ -	\$ 1,498,972	\$ -	\$ 1,498,972
	<u>\$ -</u>	<u>\$ 1,498,972</u>	<u>\$ -</u>	<u>\$ 1,498,972</u>

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

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

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Investments	Assets at Fair Value at June 30, 2023			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts:				
Equity Funds (a)	\$ 1,546,927	\$ -	Immediate	None
Bond Funds (b)	205,423	-	Immediate	None
Real Estate Funds (c)	72,510	-	One per calendar quarter	None
Mutual Funds:				
TIFF Multi-Asset Fund (d)	40,321,974	-	Immediate	Up to 7 days
Investment Partnerships:				
TIFF Keystone Fund, L.P. (e)	42,021,065	-	Quarterly	180 days
Total	<u>\$ 84,167,899</u>			

Investments	Assets at Fair Value at June 30, 2022			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts:				
Equity Funds (a)	\$ 1,239,762	\$ -	Immediate	None
Bond Funds (b)	183,464	-	Immediate	None
Real Estate Funds (c)	75,746	-	One per calendar quarter	None
Mutual Funds:				
TIFF Multi-Asset Fund (d)	36,517,438	-	Immediate	Up to 7 days
Investment Partnerships:				
TIFF Keystone Fund, L.P. (e)	41,122,107	-	Quarterly	180 days
Total	<u>\$ 79,138,517</u>			

- (a) Investments in this category seek a favorable long-term rate of return through capital appreciation and investment income by investing primarily in a broadly diversified portfolio of foreign and domestic common stock.
- (b) Investments in this category seek high current income consistent with maintaining liquidity and preserving capital.
- (c) Investments in this category seek favorable long-term returns primarily through rental income and appreciation of real estate investments.
- (d) The fund seeks to achieve a total return that, over a majority of market cycles, exceeds the Consumer Price Index plus 5% per annum by employing a globally diversified portfolio. The fund rebalances segment weights in a manner designed to exploit capital markets' mean-reverting tendencies to the maximum extent in light of trading costs.

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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

(e) The fund's investment objective is to maximize annualized returns net of all costs over rolling 10-year periods while adhering to the Funds' risk parameters. The Fund expects to invest globally in multiple asset classes and in both publicly traded and privately placed securities, properties, and other assets, either directly or through investment funds, including private equity funds, private realty funds, natural resources funds, and hedge funds.

NOTE 6 PROPERTY

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

	2023	2022
Leasehold Improvements	\$ 5,144,798	\$ 4,948,798
Less: Accumulated Amortization	(4,814,039)	(4,727,199)
Total	\$ 330,759	\$ 221,599

NOTE 7 FURNITURE AND EQUIPMENT

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

	2023	2022
Computer Equipment	\$ 2,807,305	\$ 2,437,355
Computer Software	7,690,427	7,531,250
Office Furniture	2,602,870	2,596,594
Office Equipment	745,383	745,383
Total	13,845,985	13,310,582
Less: Accumulated Depreciation	(12,171,986)	(11,093,117)
Total Furniture and Equipment	\$ 1,673,999	\$ 2,217,465

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$1,265,647 and \$1,612,739, respectively. Furniture and equipment includes computer software of approximately \$27,000 and \$-0- at June 30, 2023 and 2022, respectively, which had not yet been placed in service.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$460,000 and \$140,000 at June 30, 2023 and 2022, respectively, are available for specific program and project expenses.

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

Building Lease – ASC 840

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

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,712,633
2024	2,760,838
2025	2,809,042
2026	2,892,829
2027	2,970,595
Thereafter	78,542,102
Total	<u>\$ 92,688,039</u>

The lease contains scheduled rent increases. Deferred rent includes the accumulated straight-line rent expense calculated in accordance with accounting principles generally accepted in the United States of America in excess of actual cash payments. Rent expense for this lease was approximately \$3,404,000 in 2022.

Equipment Leases – ASC 840

The Organization leases copy center and other office equipment under various operating lease agreements. The leases expire at various times through November 2027. Approximate future minimum annual rental payments required under these leases are \$125,300.

Rent expense for these leases was approximately \$389,000 in 2022.

Deferred Compensation and Employment Contract

The Organization entered into a new employment agreement with a current key employee effective July 1, 2022. The former agreement expired June 30, 2022. The full term of the new agreement expires June 30, 2024. By providing one-year notice in advance, key employee may opt to terminate the agreement effective June 30, 2023, at their discretion. The terms of the agreement require the Organization to pay a base salary of at least \$804,076 per year. The key employee is also eligible for an annual incentive bonus based on performance as determined and approved by the board of directors.

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NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Deferred Compensation and Employment Contract (Continued)

The Organization paid the key employee the deferred compensation liability established under the former agreement subsequent to June 30, 2022. The deferred compensation liability includes approximately \$392,000 and \$326,000 at June 30, 2023 and 2022, respectively, attributable to the provisions included in the employment contract with the employee. In accordance with the employee's new agreement, an unfunded deferred compensation account will be established on behalf of the employee and the Organization is required to credit the account based upon prescribed calculations included in the agreement.

The Organization has an unfunded deferred compensation plan for certain employees. The plan allows the group of employees to defer compensation on a tax-free basis up to statutory maximum limits. The Organization purchased participant directed investments related to the plan in the approximate amount of \$84,000 and \$88,000 during the years ended June 30, 2023 and 2022, respectively. Deferred compensation liability includes approximately \$1,825,000 and \$1,499,000 at June 30, 2023 and 2022, respectively, attributable to the plan.

Pension Plan

The Organization makes contributions, on behalf of all employees who meet certain eligibility requirements, to employees' pension retirement accounts established under Section 403(b) of the IRC. The Organization contributes amounts equal to a percentage of participants' eligible salaries. Pension expense, including administrative fees, was approximately \$2,859,000 in 2023 and \$2,745,000 in 2022.

Litigation

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

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NOTE 10 FUNCTIONAL EXPENSES

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

	2023			2022		
	Total Program Services	Management and Administrative	Total	Total Program Services	Management and Administrative	Total
Salaries	\$ 22,177,719	\$ 6,419,334	\$ 28,597,053	\$ 19,646,356	\$ 5,494,153	\$ 25,140,509
Payroll Taxes and Fringe Benefits	5,972,242	1,753,574	7,725,816	5,328,473	1,511,279	6,839,752
Legal Fees	806,349	249,123	1,055,472	661,717	195,296	857,013
Professional Fees	55,737	14,098	69,835	43,218	10,860	54,078
Consulting Fees	4,964,357	1,544,822	6,509,179	3,016,587	913,613	3,930,200
Committee Meetings	1,124,272	177,929	1,302,201	664,364	131,612	795,976
Occupancy	2,615,530	778,061	3,393,591	2,704,169	783,642	3,487,811
Office Expenses	522,289	157,088	679,377	443,624	128,890	572,514
Office Supplies	79,164	24,561	103,725	46,318	13,757	60,075
Printing	267,975	83,389	351,364	308,488	93,429	401,917
Equipment Lease and Maintenance	194,350	60,478	254,828	166,608	50,459	217,067
Telephone	121,333	37,757	159,090	126,636	38,353	164,989
Insurance	742,835	222,558	965,393	698,412	205,796	904,208
Program Expenses	13,392,781	-	13,392,781	15,025,932	-	15,025,932
Project Expenses	203,478	63,319	266,797	235,164	71,222	306,386
Temporary Staffing	-	-	-	2,724	280	3,004
Staffing Travel Expense	59,392	17,798	77,190	39,926	11,447	51,373
Other Staffing Expense	394,482	103,719	498,201	316,960	93,617	410,577
Depreciation and Amortization	965,271	300,376	1,265,647	1,237,842	374,897	1,612,739
Miscellaneous	94,848	29,516	124,364	142,749	43,232	185,981
Total	<u>\$ 54,754,404</u>	<u>\$ 12,037,500</u>	<u>\$ 66,791,904</u>	<u>\$ 50,856,267</u>	<u>\$ 10,165,834</u>	<u>\$ 61,022,101</u>

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

NOTE 11 LEASES

The Organization leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2047 and provide for renewal options ranging from three months to six years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

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NOTE 11 LEASES (CONTINUED)

The following table provides quantitative information concerning the Organization's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost	\$ 3,308,747
Total Lease Cost	<u>\$ 3,308,747</u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 2,829,222
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 539,896
Weighted-Average Remaining Lease Term - Operating Leases	23.44 Years
Weighted-Average Discount Rate - Operating Leases	3.23%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Years Ending June 30,</u>	<u>Operating Leases</u>
2024	\$ 2,904,839
2025	2,922,673
2026	2,989,610
2027	1,877,879
2028	3,060,959
Thereafter	<u>74,105,750</u>
Total Undiscounted Cash Flows	87,861,710
Less: Present Value Discount	<u>(28,881,036)</u>
Total Lease Liability	<u>\$ 58,980,674</u>

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ASSETS	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 1,647,846	\$ 124,767,242	\$ -	\$ 126,415,088
Accounts Receivable, Net	14,225	88,660	-	102,885
Grants Receivable	60,001	66,897	(126,898)	-
Due (To) from Affiliate	(51,875)	51,875	-	-
Investments, at Fair Value	82,343,039	2,138,483	-	84,481,522
Investments, at Fair Value, Deferred Compensation Plan	-	1,824,860	-	1,824,860
Right-of-Use Assets - Operating Leases	-	46,872,090	-	46,872,090
Prepaid Expenses	88,205	2,209,591	-	2,297,796
Property, Net	-	330,759	-	330,759
Furniture and Equipment, Net	-	1,673,999	-	1,673,999
	<u>\$ 84,101,441</u>	<u>\$ 180,024,456</u>	<u>\$ (126,898)</u>	<u>\$ 263,998,999</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
LIABILITIES				
Accounts and Grants Payable and Accrued Expenses	\$ 748,109	\$ 1,322,498	\$ (126,898)	\$ 1,943,709
Accrued Compensation	444,078	5,916,994	-	6,361,072
Deferred Revenue:				
Certifying Examinations	-	38,673,411	-	38,673,411
Maintenance of Certification	-	52,415,879	-	52,415,879
Deferred Compensation	-	1,824,860	-	1,824,860
Lease Liability:				
Current Portion of Lease Liabilities - Operating Leases	-	1,019,709	-	1,019,709
Long-Term Lease Liabilities - Operating Leases	-	57,960,965	-	57,960,965
	<u>1,192,187</u>	<u>159,134,316</u>	<u>(126,898)</u>	<u>160,199,605</u>
NET ASSETS (DEFICIT)				
Without Donor Restrictions	82,449,254	20,823,243	66,897	103,339,394
With Donor Restrictions	460,000	66,897	(66,897)	460,000
Total Net Assets (Deficit)	<u>82,909,254</u>	<u>20,890,140</u>	<u>-</u>	<u>103,799,394</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 84,101,441</u>	<u>\$ 180,024,456</u>	<u>\$ (126,898)</u>	<u>\$ 263,998,999</u>

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ASSETS	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and Cash Equivalents	\$ 2,484,484	\$ 92,495,271	\$ -	\$ 94,979,755
Accounts Receivable, Net	14,225	71,313	-	85,538
Grants Receivable	-	69,697	(69,697)	-
Due (To) from Affiliate	(58,538)	58,538	-	-
Investments, at Fair Value	77,639,545	2,105,223	-	79,744,768
Investments, at Fair Value, Deferred Compensation Plan	-	1,498,972	-	1,498,972
Prepaid Expenses	241,903	2,060,234	-	2,302,137
Property, Net	-	221,599	-	221,599
Furniture and Equipment, Net	-	2,217,465	-	2,217,465
	<u>\$ 80,321,619</u>	<u>\$ 100,798,312</u>	<u>\$ (69,697)</u>	<u>\$ 181,050,234</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
LIABILITIES				
Accounts and Grants Payable and Accrued Expenses	\$ 525,216	\$ 1,171,423	\$ (69,697)	\$ 1,626,942
Accrued Compensation	436,491	5,483,233	-	5,919,724
Deferred Revenue:				
Certifying Examinations	-	39,859,313	-	39,859,313
Maintenance of Certification	-	47,326,739	-	47,326,739
Deferred Compensation	-	1,498,972	-	1,498,972
Deferred Rents	-	11,629,059	-	11,629,059
	<u>961,707</u>	<u>106,968,739</u>	<u>(69,697)</u>	<u>107,860,749</u>
NET ASSETS (DEFICIT)				
Without Donor Restrictions	79,219,912	(6,240,124)	69,697	73,049,485
With Donor Restrictions	140,000	69,697	(69,697)	140,000
Total Net Assets (Deficit)	<u>79,359,912</u>	<u>(6,170,427)</u>	<u>-</u>	<u>73,189,485</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 80,321,619</u>	<u>\$ 100,798,312</u>	<u>\$ (69,697)</u>	<u>\$ 181,050,234</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and Gains:				
Certification Exams:				
Internal Medicine	\$ -	\$ 16,699,371	\$ -	\$ 16,699,371
Subspecialties and Other	-	21,150,982	-	21,150,982
Credit Card Fees	-	(867,742)	-	(867,742)
Total Certification Exams	<u>-</u>	<u>36,982,611</u>	<u>-</u>	<u>36,982,611</u>
Maintenance of Certification Program:				
Examination	-	7,137,728	-	7,137,728
Program Fee	-	44,220,173	-	44,220,173
Credit Card Fees	-	(1,178,819)	-	(1,178,819)
Total Maintenance of Certification Program	<u>-</u>	<u>50,179,082</u>	<u>-</u>	<u>50,179,082</u>
Other Revenue:				
Investment Loss, Net	6,822,537	2,325,036	-	9,147,573
Other Income	1,608	538,439	-	540,047
Total Other Revenue	<u>6,824,145</u>	<u>2,863,475</u>	<u>-</u>	<u>9,687,620</u>
Total Revenues and Gains (Losses)	6,824,145	90,025,168	-	96,849,313
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>232,500</u>	<u>2,800</u>	<u>(2,800)</u>	<u>232,500</u>
Total Revenues, Gains (Losses) and Other Support Without Donor Restrictions	7,056,645	90,027,968	(2,800)	97,081,813
OPERATING EXPENSES				
Operating Expenses	<u>3,827,303</u>	<u>62,964,601</u>	<u>-</u>	<u>66,791,904</u>
Total Operating Expenses	<u>3,827,303</u>	<u>62,964,601</u>	<u>-</u>	<u>66,791,904</u>
Change in Net Assets (Deficit) Without Donor Restrictions	3,229,342	27,063,367	(2,800)	30,289,909
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Grant Revenue	552,500	-	-	552,500
Net Assets Released from Restrictions	<u>(232,500)</u>	<u>(2,800)</u>	<u>2,800</u>	<u>(232,500)</u>
Change in Net Assets (Deficit) With Donor Restrictions	<u>320,000</u>	<u>(2,800)</u>	<u>2,800</u>	<u>320,000</u>
CHANGE IN NET ASSETS	3,549,342	27,060,567	-	30,609,909
Net Assets (Deficit) - Beginning of Year	<u>79,359,912</u>	<u>(6,170,427)</u>	<u>-</u>	<u>73,189,485</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 82,909,254</u>	<u>\$ 20,890,140</u>	<u>\$ -</u>	<u>\$ 103,799,394</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Foundation</u>	<u>ABIM</u>	<u>Eliminations</u>	<u>Consolidated</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and Gains:				
Certification Exams:				
Internal Medicine	\$ -	\$ 15,841,087	\$ -	\$ 15,841,087
Subspecialties and Other	-	19,366,889	-	19,366,889
Credit Card Fees	-	(795,029)	-	(795,029)
Total Certification Exams	<u>-</u>	<u>34,412,947</u>	<u>-</u>	<u>34,412,947</u>
Maintenance of Certification Program:				
Examination	-	10,070,854	-	10,070,854
Program Fee	-	27,791,117	-	27,791,117
Credit Card Fees	-	(854,408)	-	(854,408)
Total Maintenance of Certification Program	<u>-</u>	<u>37,007,563</u>	<u>-</u>	<u>37,007,563</u>
Other Revenue:				
Investment Income, Net	(9,532,525)	(96,918)	-	(9,629,443)
Other Income	13,830	583,646	-	597,476
Total Other Revenue	<u>(9,518,695)</u>	<u>486,728</u>	<u>-</u>	<u>(9,031,967)</u>
Total Revenues and Gains	(9,518,695)	71,907,238	-	62,388,543
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>272,500</u>	<u>417</u>	<u>(417)</u>	<u>272,500</u>
Total Revenues, Gains and Other Support Without Donor Restrictions	(9,246,195)	71,907,655	(417)	62,661,043
OPERATING EXPENSES				
Operating Expenses	<u>3,031,672</u>	<u>57,990,429</u>	<u>-</u>	<u>61,022,101</u>
Total Operating Expenses	<u>3,031,672</u>	<u>57,990,429</u>	<u>-</u>	<u>61,022,101</u>
Change in Net Assets (Deficit) Without Donor Restrictions	(12,277,867)	13,917,226	(417)	1,638,942
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Grant Revenue	212,500	-	-	212,500
Net Assets Released from Restrictions	<u>(272,500)</u>	<u>(417)</u>	<u>417</u>	<u>(272,500)</u>
Change in Net Assets (Deficit) With Donor Restrictions	<u>(60,000)</u>	<u>(417)</u>	<u>417</u>	<u>(60,000)</u>
CHANGE IN NET ASSETS	(12,337,867)	13,916,809	-	1,578,942
Net Assets (Deficit) - Beginning of Year	<u>91,697,779</u>	<u>(20,087,236)</u>	<u>-</u>	<u>71,610,543</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 79,359,912</u>	<u>\$ (6,170,427)</u>	<u>\$ -</u>	<u>\$ 73,189,485</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
SCHEDULE OF ABIM CHANGES IN NET ASSETS (DEFICIT)
WITHOUT DONOR RESTRICTIONS FROM OPERATIONS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Total ABIM	Certification	Maintenance of Certification	Other
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and Gains:				
Certification Exams:				
Internal Medicine	\$ 16,699,371	\$ 16,699,371	\$ -	\$ -
Subspecialties and Other	21,150,982	21,150,982	-	-
Credit Card Fees	(867,742)	(867,742)	-	-
Total Certification Exams	<u>36,982,611</u>	<u>36,982,611</u>	-	-
Maintenance of Certification Program:				
Examination	7,137,728	-	7,137,728	-
Program Fee	44,220,173	-	44,220,173	-
Credit Card Fees	(1,178,819)	-	(1,178,819)	-
Total Maintenance of Certification Program	<u>50,179,082</u>	<u>-</u>	<u>50,179,082</u>	<u>-</u>
Other Revenue:				
Investment Loss, Net	2,325,036	-	-	2,325,036
Other Income	538,439	-	-	538,439
Total Other Revenue	<u>2,863,475</u>	<u>-</u>	<u>-</u>	<u>2,863,475</u>
Total Revenues and Gains	90,025,168	36,982,611	50,179,082	2,863,475
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>2,800</u>
Total Revenues, Gains and Other Support Without Donor Restrictions	90,027,968	36,982,611	50,179,082	2,866,275
OPERATING EXPENSES				
Staff Expenses	34,948,940	-	-	34,948,940
Non Staff Expenses	28,015,661	8,871,586	3,372,460	15,771,615
Subtotal	<u>62,964,601</u>	<u>8,871,586</u>	<u>3,372,460</u>	<u>50,720,555</u>
Allocation to Program Services	-	10,981,110	27,701,945	(38,683,055)
Total Operating Expenses	<u>62,964,601</u>	<u>19,852,696</u>	<u>31,074,405</u>	<u>12,037,500</u>
Changes in Net Assets (Deficit) Without Donor Restrictions from Operations	<u>\$ 27,063,367</u>	<u>\$ 17,129,915</u>	<u>\$ 19,104,677</u>	<u>\$ (9,171,225)</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING SCHEDULE OF STAFF EXPENSES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
SALARIES			
Regular	\$ 26,981,070	\$ 1,548,893	\$ 28,529,963
Overtime	56,930	-	56,930
Voluntary Retirement Program Payment	10,160	-	10,160
Total Salaries	<u>27,048,160</u>	<u>1,548,893</u>	<u>28,597,053</u>
BENEFITS			
Payroll Taxes	1,898,406	87,671	1,986,077
Insurance	2,612,588	93,440	2,706,028
Pension	2,970,780	147,852	3,118,632
Tuition Reimbursement	13,830	-	13,830
Parking	189,638	8,090	197,728
Benefit Allocation	(296,479)	-	(296,479)
Total Benefits	<u>7,388,763</u>	<u>337,053</u>	<u>7,725,816</u>
OTHER STAFF EXPENSES			
Recruiting and Employment Agency Fees	96,439	55,388	151,827
Temporary Staffing	-	-	-
Meals and Lodging	74,993	2,197	77,190
Education	106,431	-	106,431
Other	234,154	5,789	239,943
Total Other Staff Expenses	<u>512,017</u>	<u>63,374</u>	<u>575,391</u>
Total	<u><u>\$ 34,948,940</u></u>	<u><u>\$ 1,949,320</u></u>	<u><u>\$ 36,898,260</u></u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING SCHEDULE OF ADMINISTRATIVE, PROGRAM, AND PROJECT EXPENSES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
ADMINISTRATIVE EXPENSES			
Board of Directors, Including all Committee Activities	\$ 749,714	\$ 552,487	\$ 1,302,201
Insurance	937,757	27,636	965,393
Legal Services, General	1,049,691	5,781	1,055,472
Accounting Services	59,404	10,431	69,835
Payroll Services	93,145	-	93,145
Contributions and Tributes	12,500	-	12,500
Marketing	44	-	44
Consulting, Other	5,490,595	-	5,490,595
Publications and Subscriptions	9,657	-	9,657
Computer Services	925,439	-	925,439
Other	102,163	-	102,163
Total Administrative Expenses	<u>9,430,109</u>	<u>596,335</u>	<u>10,026,444</u>
PROGRAM AND PROJECT EXPENSES	<u>266,797</u>	<u>1,148,735</u>	<u>1,415,532</u>
Total	<u>\$ 9,696,906</u>	<u>\$ 1,745,070</u>	<u>\$ 11,441,976</u>

**THE AMERICAN BOARD OF INTERNAL MEDICINE
AND AFFILIATED FOUNDATION
CONSOLIDATING SCHEDULE OF OFFICE EXPENSES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

OFFICE EXPENSES	<u>ABIM</u>	<u>Foundation</u>	<u>Consolidated</u>
Rent	\$ 3,223,094	\$ 104,993	\$ 3,328,087
Office Maintenance	21,512	-	21,512
Office Equipment	233,316	-	233,316
Office Supplies	103,489	236	103,725
Office Meetings	112	-	112
Duplicating	178,314	-	178,314
Telephone	159,090	-	159,090
Intranet/On-Line Services	483,939	-	483,939
Stationery and Printing	173,050	-	173,050
Courier/Mailings	33,399	-	33,399
Cleaning	142,875	-	142,875
Depreciation and Amortization	1,265,647	-	1,265,647
Electricity	55,300	10,204	65,504
Other Expenses	1,572	17,480	19,052
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 6,074,709</u></u>	<u><u>\$ 132,913</u></u>	<u><u>\$ 6,207,622</u></u>