

**Audited Consolidating Financial Statements**

**INFECTIOUS DISEASES SOCIETY  
OF AMERICA AND AFFILIATE**

*December 31, 2018*

# Infectious Diseases Society of America and Affiliate

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## Independent Auditor's Report

To the Board of Directors  
Infectious Diseases Society of America and Affiliate

We have audited the accompanying consolidating financial statements of Infectious Diseases Society of America and Affiliate (collectively referred to as the Organization) which comprise the consolidating statement of financial position as of December 31, 2018, and the related consolidating statements of activities and cash flows and the related consolidated statement of functional expense for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Consolidating Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

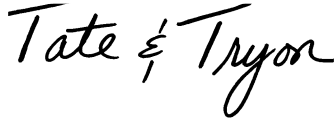
In our opinion, the 2018 consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Infectious Diseases Society of America and Affiliate as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Adoption of Accounting Standards Update 2016-14

As described in Note A to the consolidating financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As required by the FASB, the Organization adopted the provisions of ASU 2016-14 during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the consolidating financial statements, new disclosures were added regarding consolidated statement of functional expense and liquidity and the availability of resources. There was no change in the Organization's previously reported change in net assets as a result of the adoption of the ASU. Our opinion is not modified with respect to this matter.

**Summarized Comparative Information**

We have previously audited the Organization's 2017 consolidating financial statements, and our report dated May 14, 2018, expressed an unmodified opinion on those consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "Tate & Tryon". The signature is written in a cursive, flowing style.

Washington, DC  
May 24, 2019

# Infectious Diseases Society of America and Affiliate

## Consolidating Statement of Financial Position December 31, 2018 with 2017 Totals

	2018				2017
	IDSA	Foundation	Eliminations	Total	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,196,077	\$ 496,229	\$ -	\$ 1,692,306	\$ 1,279,917
Investments	34,043,551	165,238		34,208,789	36,720,859
Accounts receivable	2,258,917	250,000		2,508,917	1,987,102
Due from Foundation	806,415		(806,415)	-	-
Due from SHEA	162,023			162,023	259,300
Due from PIDS	87,240			87,240	60,296
Prepaid expenses	347,009			347,009	461,745
Deferred compensation plan assets	30,240			30,240	15,375
Property and equipment, net	1,121,340			1,121,340	892,512
Deposits	57,733			57,733	57,733
<b>Total assets</b>	<b>\$ 40,110,545</b>	<b>\$ 911,467</b>	<b>\$ (806,415)</b>	<b>\$ 40,215,597</b>	<b>\$ 41,734,839</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,591,682	\$ 225,665	\$ -	\$ 1,817,347	\$ 2,011,107
Due to IDSA		806,415	(806,415)	-	-
Deferred compensation plan liabilities	30,240			30,240	15,375
Deferred revenue	4,510,034	250,000		4,760,034	4,570,780
Deferred rent	127,463			127,463	182,486
<b>Total liabilities</b>	<b>6,259,419</b>	<b>1,282,080</b>	<b>(806,415)</b>	<b>6,735,084</b>	<b>6,779,748</b>
<b>Net assets</b>					
Without donor restrictions	33,851,126	(465,339)		33,385,787	34,777,907
With donor restrictions	-	94,726		94,726	177,184
<b>Total net assets</b>	<b>33,851,126</b>	<b>(370,613)</b>		<b>33,480,513</b>	<b>34,955,091</b>
<b>Total liabilities and net assets</b>	<b>\$ 40,110,545</b>	<b>\$ 911,467</b>	<b>\$ (806,415)</b>	<b>\$ 40,215,597</b>	<b>\$ 41,734,839</b>

# Infectious Diseases Society of America and Affiliate

## Consolidating Statement of Activities Year Ended December 31, 2018 with 2017 Totals

	2018				2017
	IDSA	Foundation	Eliminations	Total	Total
<b>Activities without donor restrictions</b>					
IDWEEK Annual meeting	\$ 10,309,130	\$ -	\$ -	\$ 10,309,130	\$ 8,215,641
Journals	6,932,113			6,932,113	6,972,143
Membership	2,991,307			2,991,307	2,910,028
Management services	1,467,329			1,467,329	1,341,628
Contributions	4,250	968,789		973,039	223,214
Interest and dividends	861,431	3,578		865,009	751,056
Education programs	358,025			358,025	288,825
Emerging infections network	337,426			337,426	436,310
Awards and fellowships	253,232			253,232	-
Other income	36,392			36,392	73,255
HIVMA	-			-	8,274
Contribution from IDSA		1,010,880	(1,010,880)	-	-
Net assets released from restrictions	-	342,183		342,183	463,743
<b>Total revenue and support</b>	<b>23,550,635</b>	<b>2,325,430</b>	<b>(1,010,880)</b>	<b>24,865,185</b>	<b>21,684,117</b>
<b>Expense</b>					
Program services					
Annual meeting	6,772,294			6,772,294	5,413,017
Other committees and groups	2,086,249	393,083		2,479,332	1,979,724
Journals	2,371,815			2,371,815	2,272,619
Membership	1,567,403			1,567,403	1,485,650
Management services	1,527,634			1,527,634	1,410,853
HIVMA	1,004,919	230,471		1,235,390	1,205,233
Guidelines development	1,030,444			1,030,444	1,083,222
Awards and fellowships	244,396	569,008		813,404	431,005
Policy and government relations	756,721			756,721	772,295
Other Meetings	591,143			591,143	523,322
Emerging infections network	341,027			341,027	439,839
Education programs	275,323			275,323	235,787
Centers of Excellence	266,997			266,997	-
Global health	179,416	-		179,416	582,334
Leadership Institute	161,019			161,019	-
Contribution to Foundation	863,388		(863,388)	-	-
<b>Total program services</b>	<b>20,040,188</b>	<b>1,192,562</b>	<b>(863,388)</b>	<b>20,369,362</b>	<b>17,834,900</b>
Supporting services					
Governance	1,446,715	74,510		1,521,225	1,309,938
General and administrative	1,416,287	483,125	(147,492)	1,751,920	1,627,817
<b>Total supporting services</b>	<b>2,863,002</b>	<b>557,635</b>	<b>(147,492)</b>	<b>3,273,145</b>	<b>2,937,755</b>
<b>Total expense</b>	<b>22,903,190</b>	<b>1,750,197</b>	<b>(1,010,880)</b>	<b>23,642,507</b>	<b>20,772,655</b>
Change in unrestricted net assets before net gain on investments	647,445	575,233	-	1,222,678	911,462
Net (loss) gain on investments	(2,614,798)			(2,614,798)	3,096,870
Change in net assets without donor restrictions	(1,967,353)	575,233	-	(1,392,120)	4,008,332
<b>Activities with donor restrictions</b>					
Contributions	-	259,725		259,725	403,953
Net assets released from restrictions	-	(342,183)		(342,183)	(463,743)
Change in net assets with donor restrictions	-	(82,458)	-	(82,458)	(59,790)
<b>Change in net assets</b>	<b>(1,967,353)</b>	<b>492,775</b>	<b>-</b>	<b>(1,474,578)</b>	<b>3,948,542</b>
Net assets, beginning of year	35,818,479	(863,388)	-	34,955,091	31,006,549
<b>Net assets, end of year</b>	<b>\$ 33,851,126</b>	<b>\$ (370,613)</b>	<b>\$ -</b>	<b>\$ 33,480,513</b>	<b>\$ 34,955,091</b>

See notes to the consolidating financial statements.

# Infectious Diseases Society of America and Affiliate

## Consolidating Statements of Cash Flows Year Ended December 31, 2018 and 2017 Totals

<i>Year Ended December 31,</i>	2018				2017
	IDSA	Foundation	Eliminations	Total	Total
<b>Cash flows from operating activities</b>					
Change in net assets	\$ (1,967,353)	\$ 492,775	\$ -	\$ (1,474,578)	\$ 3,948,542
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation and amortization	145,273			145,273	167,633
Loss on disposal of fixed assets	-			-	2,059
Net loss /(gain) on investments	2,614,798			2,614,798	(3,230,033)
Changes in assets and liabilities:					
Accounts receivable	(286,815)	(235,000)		(521,815)	609,274
Due from Foundation	10,563		(10,563)	-	-
Prepaid expenses	111,243	3,493		114,736	(31,337)
Accounts payable and accrued expenses	(57,352)	(136,408)		(193,760)	237,453
Due to IDSA	-	(10,563)	10,563	-	-
Due from SHEA	97,277			97,277	(323,320)
Due from PIDS	(26,944)			(26,944)	(72,517)
Deferred revenue	(60,746)	250,000		189,254	816,051
Deferred rent	(55,023)			(55,023)	(26,680)
Total adjustments	2,492,274	(128,478)	-	2,363,796	(1,851,417)
Net cash provided by operating activities	524,921	364,297	-	889,218	2,097,125
<b>Cash flows from investing activities</b>					
Proceeds from sales of investments	15,151,715			15,151,715	10,325,369
Purchases of investments	(15,089,205)	(165,238)		(15,254,443)	(12,474,701)
Purchases of property and equipment	(374,101)			(374,101)	(89,623)
Net cash used in investing activities	(311,591)	(165,238)	-	(476,829)	(2,238,955)
<b>Net increase (decrease) in cash and cash equivalents</b>	213,330	199,059	-	412,389	(141,830)
Cash, beginning of year	982,747	297,170	-	1,279,917	1,421,747
<b>Cash, end of year</b>	\$ 1,196,077	\$ 496,229	\$ -	\$ 1,692,306	\$ 1,279,917

See notes to the consolidating financial statements.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Infectious Diseases Society of America (IDSA) was incorporated in 1970 under the laws of the District of Columbia as a not-for-profit corporation. IDSA is an organization of physicians, doctoral-level scientists, and other health care professionals from around the world. It exists to promote and recognize excellence in research, patient care, public health, disease prevention, and education in the field of infectious diseases and associated disciplines.

The IDSA Education and Research Foundation (the Foundation) was incorporated in 2001 under the laws of the state of Virginia as a not-for-profit corporation. The Foundation is a charitable organization dedicated to supporting IDSA's education and research mission worldwide. On October 3, 2017, the Board of Directors voted to change the name of the organization to the IDSA Foundation. In February 2018, the Foundation filed with the state of Virginia to register a trade name of IDSA Foundation, as an alternative to a legal name change.

Principles of consolidation: The consolidating financial statements include the accounts of IDSA and the Foundation (collectively referred to as the Organization). Significant intra-entity accounts and transactions have been eliminated in consolidation.

Income taxes: IDSA is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation.

Basis of accounting: The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned, and expenses are recognized when the underlying obligations are incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from estimates.

New accounting standard: The Financial Accounting Standards Board (FASB) issued *Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The Organization adopted the provisions of ASU 2016-14 during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding the consolidated statement of functional expenses and liquidity and the availability of resources. There was no change in the Organization's previously reported change in net assets as a result of the adoption of the ASU.

Cash and cash equivalents: For financial statement purposes, the Organization considers all highly liquid investments purchased with a maturity of three months or less that are not held by investment custodians to be cash equivalents.

Accounts receivable: Accounts receivable consists primarily of amounts owed for publication royalties and meeting activities. Accounts receivable are presented at the gross, or face, amount due to the Organization. Management periodically reviews the status of all accounts receivable balances for collectability. As a result of these reviews, balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debt had been recorded.



# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred revenue: Deferred revenue consists of membership, journals, meetings amounts, and other fees received in advance of the period in which they are earned.

Net assets: For financial statement purposes, net assets are as follows:

*Net assets without donor restrictions:* Represents the portion of net assets whose use is not restricted by donors. They are available for the general operations of the Organization.

*Net assets with donor restrictions:* Represents the portion of net assets that have been restricted by donors to fund various awards programs and overseas initiatives, or by the passage of time (see Note F).

Contributions: Contributions are recorded as with or without donor restrictions support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period. All other donor-restricted support is reported as an increase in net assets with donor restrictions. Support with donor restrictions is reclassified to net assets without donor restrictions when restrictions are satisfied.

Prior year summarized information: The notes to the consolidating financial statements include certain prior-year summarized comparative information in total but not by net asset class. The summarized prior year information in the notes does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Reclassification: Certain 2017 Consolidating Statement of Activities line items have been reclassified to conform the prior year to the current year's presentation, with no effect on changes in net assets.

Subsequent events: Subsequent events have been evaluated through May 24, 2019, which is the date the consolidating statements were available to be issued.

### B. CREDIT AND MARKET RISK

Credit risk: The Organization maintains demand deposit accounts with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

### B. CREDIT AND MARKET RISK - CONTINUED

Market value risk: The Organization also invests funds in a professionally managed portfolio. Such investments are exposed to market and credit risks. Thus, the Organization's investments may be subject to significant fluctuation in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

### C. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$	1,692,306
Investments		34,208,789
Accounts receivable		2,508,917
Due from SHEA		162,023
Due from PIDS		87,240
		<u>38,659,275</u>
Less donor restricted funds		<u>94,726</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>38,564,549</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

### D. INVESTMENTS

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data; and

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

**Infectious Diseases Society of America  
and Affiliate**

**Notes to the Consolidating Financial Statements**

**D. INVESTMENTS - CONTINUED**

The following is a summary of the input levels used to determine fair values of assets measured at fair value on a recurring basis, at December 31:

<b>2018</b>	Total	Level 1	Level 2	Level 3
Equities	\$ 16,335,620	\$16,335,620	\$ -	\$ -
Fixed Income	10,957,606	10,957,606		
Investments carried at fair value	27,293,226	<u>\$ 27,293,226</u>	\$ -	\$ -
Certificates of deposit*	4,775,417			
Money market funds*	<u>2,140,146</u>			
Total Investments	<b><u>\$ 34,208,789</u></b>			
<b>2017</b>	Total	Level 1	Level 2	Level 3
Equities	\$ 18,982,311	\$18,982,311	\$ -	\$ -
Fixed Income	12,016,608	12,016,608		
Investments carried at fair value	30,998,919	<u>\$ 30,998,919</u>	\$ -	\$ -
Certificates of deposit*	4,200,980			
Money market funds*	<u>1,520,960</u>			
Total Investments	<b><u>\$ 36,720,859</u></b>			

\*Investments recorded at cost include certificates of deposit and money market funds. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Investment income consists of the following for the years ended December 31:

	2018	2017
Interest and dividend income	\$ 865,009	751,056
Net (loss) gain on investments	(2,468,696)	3,230,033
Investment management fees	<u>(146,102)</u>	<u>(133,163)</u>
Total net investment (loss) income	<b><u>\$ (1,749,789)</u></b>	<b><u>\$ 3,847,926</u></b>

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

### E. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than or equal to \$2,500 are capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the assets (three to ten years). Leasehold improvements are recorded at cost and amortized over the remaining term of the lease. Property and equipment consist of the following at December 31:

	<b>2018</b>	<b>2017</b>
Furniture and equipment	\$ 491,808	\$ 529,800
Software	1,320,435	2,183,937
Leasehold improvements	28,330	28,330
Work-In-Progress	12,407	-
	1,852,980	2,742,067
Less accumulated depreciation and amortization	(731,640)	(1,849,555)
	<b>\$ 1,121,340</b>	<b>\$ 892,512</b>

### F. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions activities consist of the following for the years ended:

	December 31, 2017	Contributions		December 31, 2018
CW Clinician Awards	\$ 85,811	\$ -	\$ (1,500)	\$ 84,311
Korzenowski Overseas Mission	6,814	-	-	6,814
Moellering Trainee Travel Grants	7,351	-	(3,750)	3,601
Joint Research Awards	60,000	-	(60,000)	-
HIVMA Clinical Fellowship Program	17,208	100,000	(117,208)	-
Mentorship	-	21,525	(21,525)	-
Medical Scholars	-	25,200	(25,200)	-
Alzheimers Grant	-	113,000	(113,000)	-
	<b>\$ 177,184</b>	<b>\$ 259,725</b>	<b>\$ (342,183)</b>	<b>\$ 94,726</b>

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

### F. NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

	December 31, 2016	Contributions	Release from restrictions	December 31, 2017
CW Clinician Awards	\$ 87,311	\$ -	\$ (1,500)	\$ 85,811
Joint Research Awards	-	61,000	(1,000)	60,000
HIVMA Clinical Fellowship Program	47,239	55,250	(85,281)	17,208
Moellering Trainee Travel Grants	9,851	-	(2,500)	7,351
Korzenowski Overseas Mission	6,814	-	-	6,814
CFG Global Health	85,759	180,953	(266,712)	-
HIVMA Medical Students	-	40,000	(40,000)	-
Mentorship	-	1,750	(1,750)	-
ACA Grant	-	40,000	(40,000)	-
Medical Scholars	-	25,000	(25,000)	-
	<b>\$ 236,974</b>	<b>\$ 403,953</b>	<b>\$ (463,743)</b>	<b>\$ 177,184</b>

### G. JOURNALS

In January 2010, IDSA entered into a ten-year agreement with Oxford University Press to publish *The Journal of Infectious Diseases* and the journal entitled *Clinical Infectious Diseases*. In 2014, IDSA and Oxford University Press launched a new open access journal, Open Forum Infectious Diseases. For the years ended December 31, 2018 and 2017, royalties earned from the Oxford University Press totaled \$6,932,113 and \$6,972,143, respectively.

### H. RELATED PARTY TRANSACTIONS

*Society for Healthcare Epidemiology of America, Inc. (SHEA)*: In January 2014, IDSA entered into an agreement with SHEA, a nonprofit corporation exempt under Section 501(c)(6) of the Internal Revenue Code, to continue to provide facilities and management and administrative services through 2016. In January 2017 IDSA extended their agreement with SHEA through 2019. SHEA reimburses IDSA at cost for all salary and benefits of the SHEA professional staff paid by IDSA and an allocation of overhead from IDSA's offices. Total revenue related to these services for the years ended December 31, 2018 and 2017 totaled \$ 1,182,355 and \$1,071,198, respectively. Due to operations and ID Week royalties (see below), SHEA owed IDSA \$162,023 and \$259,300 as of December 31, 2018 and 2017, respectively.

*Pediatric Infectious Diseases Society (PIDS)*: Effective September 1, 1998, IDSA entered into an agreement with PIDS, a not-for-profit organization exempt under Section 501(c)(6) of the Internal Revenue Code, to provide facilities and management and administrative services. PIDS reimburses IDSA at cost for all salary and benefits of the PIDS professional staff paid by IDSA and a fixed management fee. Total revenue related to these services for the years ended December 31, 2018 and 2017 totaled \$284,974 and \$270,430, respectively. Due to operations and ID Week royalties (see below), PIDS owed IDSA \$87,240 and \$60,296 as of December 31, 2018 and 2017, respectively.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### H. RELATED PARTY TRANSACTIONS - CONTINUED

ID Week: SHEA and IDSA signed agreements to co-host the ID Week annual meeting held in October through 2019. PIDS also signed an agreement to be a co-organizer of the event. Based on the agreements and net profits from the event, SHEA and PIDS royalties for the year ended December 31, 2018 totaled \$705,510 and \$202,182, respectively. For the year ended December 31, 2017, SHEA and PIDS royalties for the year totaled \$535,593 and \$153,488, respectively.

### I. RETIREMENT PLANS

401(k) retirement plan:

Beginning January 1, 2017, employees are eligible to participate in the IDSA's 401(k) plan on the first day of employment. IDSA provided a contribution equal to 3.5% of the employee's annual salary for the years ended December 31, 2018 and 2017 with immediate vesting. In addition, the employee may contribute to the plan and IDSA will match up to 2% of the employee's compensation, or up to the limits of the law, with a vesting period of three years. IDSA's contributions to the plan totaled \$269,233 and \$250,475, for the years ended December 31, 2018 and 2017, respectively.

457(b) retirement plan:

During 2017, the Organization established under Section 457(b) of the Internal Revenue Code, a deferred compensation plan available to eligible employees. Expenses related to the Plan were \$18,059 and \$14,598 for the years ended December 31, 2018 and 2017, respectively. At December 31, 2018 and 2017, the investments and associated liability totaled \$30,240 and 15,375, respectively. The investments related to deferred compensation are comprised of mutual funds valued using level 1 inputs as defined in Note D and are directed by participants.

### J. COMMITMENTS AND CONTINGENCIES

Future meeting sites: IDSA has contracts with various hotels for future meetings. In the event that IDSA cancels, it can be held liable for liquidated damages incurred by the burdened entity as calculated in accordance with the terms of the respective agreement, less any insurance proceeds. IDSA has event cancellation insurance for IDWeek annual meeting and several smaller meetings.

Federal grants: IDSA participates in a number of federally assisted grant programs, which are subject to financial and compliance audits by the Federal agencies or their representatives. As such, there exists a contingent liability for potential questioned costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

Arlington office lease: In March 2014, IDSA amended its operating lease for office space in Arlington, VA extending the lease term to May 2020. The lease provides for base rental payments which increase at 3% annually and additional rent based on increases in operating expenses. IDSA received certain incentives in connection with the lease, which are being amortized over the lease term on a straight-line basis. The unamortized portions of these incentives are reported as deferred rent in the statements of financial position.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### J. COMMITMENTS AND CONTINGENCIES - CONTINUED

Rent expense was recognized on a straight-line basis over the term of the leases and totaled \$935,813 and \$928,002 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments are as follows:

Year End December 31,	
2019	\$ 1,003,500
2020	<u>426,300</u>
	<u>\$ 1,429,800</u>

In April 2019, IDSA signed an operating lease for new office space in Arlington, VA which commences at the earlier of construction completion of the new space, once the new landlord has received a certificate of occupancy or when IDSA takes possession of the new space. The start date is anticipated to be between February - May 2020 and runs until April 2032. The lease provides for base rental payments which increase at 2.7% annually and additional rent based on increases in operating expenses. In addition, a rental abatement of one year and tenant leasehold improvement allowance will be implemented once the term of the amended lease takes place.

Litigation: In November 2017, twenty-six plaintiffs filed a complaint in Texas against IDSA, several health insurance companies and several doctors, some of whom are or were IDSA members. Plaintiffs alleged antitrust and RICO claims against the defendants. IDSA's counsel filed a motion to dismiss for failure to state a claim as to IDSA and the doctors and for lack of personal jurisdiction as to the doctors. The insurance company defendants filed a separate Motion to Dismiss for failure to state a claim, which IDSA and the doctors joined. The Court dismissed plaintiff's RICO claims and fraudulent concealment allegations, but gave the plaintiffs leave to file an amended complaint to attempt to amend those claims and allegations. The court did not dismiss the plaintiffs' antitrust claims. On March 25, 2019, twenty-four plaintiffs filed an amended complaint. The defendants filed a motion to dismiss the amended complaint in its entirety on April 9, 2019.

**Infectious Diseases Society of America  
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**Notes to the Consolidating Financial Statements**

**K. Consolidated Statement of Functional Expenses**

The costs of providing various programs and other activities have been detailed in the consolidated statement of functional expenses. Accordingly, indirect expenses have been allocated based on employee effort among the programs and supporting services benefited.

	Program Services					Supporting Services			Total
	Meetings	Member Services	Management Services	Education	Total Program Services	Governance	General and Administrative	Total Supporting Services	
Salaries and benefits	\$ 726,563	\$ 2,853,297	\$ 1,044,329	\$ 214,019	\$ 4,838,208	\$ 564,394	\$ 2,224,413	\$ 2,788,807	\$ 7,627,015
Office expense	1,244,867	1,550,222	151,008	20,229	2,966,326	88,478	2,630,654	2,719,132	5,685,458
Event and travel	3,172,648	745,008	-	28,702	3,946,358	293,217	173,590	466,807	4,413,165
Professional fees	1,311,933	2,643,579	45,301	261,470	4,262,283	141,862	250,522	392,384	4,654,667
Grant and award	306,116	810,813	-	-	1,116,929	-	-	-	1,116,929
Depreciation	-	-	-	-	-	-	145,273	145,273	145,273
Overhead	601,310	2,172,033	286,996	178,919	3,239,258	433,274	(3,672,532)	(3,239,258)	-
<b>Total</b>	<b>\$ 7,363,437</b>	<b>\$ 10,774,952</b>	<b>\$ 1,527,634</b>	<b>\$ 703,339</b>	<b>\$ 20,369,362</b>	<b>\$ 1,521,225</b>	<b>\$ 1,751,920</b>	<b>\$ 3,273,145</b>	<b>\$ 23,642,507</b>