

American Society of Hand Therapists

Financial Statements
Year Ended December 31, 2022



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AMERICAN SOCIETY OF HAND THERAPISTS

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
American Society of Hand Therapists
Mount Laurel, New Jersey**

Opinion

We have audited the accompanying financial statements of the American Society of Hand Therapists (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Society of Hand Therapists as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the American Society of Hand Therapists and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Society of Hand Therapists' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the American Society of Hand Therapists' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the American Society of Hand Therapists' 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.

Report on Summarized Comparative Information

We have previously audited the American Society of Hand Therapists' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBO, LLP.

**Philadelphia, Pennsylvania
August 29, 2023**

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF FINANCIAL POSITION

December 31, 2022 with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 926,036	\$ 779,716
Accounts receivable	15,861	30,802
Prepaid expenses and other assets	138,607	151,683
Investments	1,342,441	1,535,550
Website development costs, net of accumulated depreciation of \$196,742 in 2022 and \$159,318 in 2021	<u>58,872</u>	<u>96,296</u>
Total assets	<u>\$ 2,481,817</u>	<u>\$ 2,594,047</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 669,690	\$ 329,361
Deferred revenue		
Membership dues and subscriptions	315,031	341,246
Annual meeting and education	<u>61,000</u>	<u>17,335</u>
Total liabilities	<u>1,045,721</u>	<u>687,942</u>
NET ASSETS		
Without donor restrictions	1,385,344	1,853,912
With donor restrictions	<u>50,752</u>	<u>52,193</u>
Total net assets	<u>1,436,096</u>	<u>1,906,105</u>
Total liabilities and net assets	<u>\$ 2,481,817</u>	<u>\$ 2,594,047</u>

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF ACTIVITIES

Year ended December 31, 2022 with comparative totals for 2021

	Without Donor	With Donor	Totals	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT				
Membership dues and subscriptions	\$ 812,886	\$ -	\$ 812,886	\$ 835,496
Annual meeting	808,822	-	808,822	608,272
Education	340,422	-	340,422	300,539
Contributions	-	3,997	3,997	9,060
Research	10,000	-	10,000	10,000
Other revenue	107,125	-	107,125	109,546
Investment income (loss)	(189,598)	-	(189,598)	95,935
Net assets released from restrictions	<u>5,438</u>	<u>(5,438)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,895,095</u>	<u>(1,441)</u>	<u>1,893,654</u>	<u>1,968,848</u>
EXPENSES				
Program services				
Annual meeting	1,050,726	-	1,050,726	874,161
Education	363,264	-	363,264	335,853
Research	139,219	-	139,219	155,806
Practice	95,488	-	95,488	73,562
Supporting services				
Management and general	522,249	-	522,249	471,906
Membership development	<u>192,717</u>	<u>-</u>	<u>192,717</u>	<u>173,175</u>
Total expenses	<u>2,363,663</u>	<u>-</u>	<u>2,363,663</u>	<u>2,084,463</u>
CHANGE IN NET ASSETS	(468,568)	(1,441)	(470,009)	(115,615)
NET ASSETS				
Beginning of year	<u>1,853,912</u>	<u>52,193</u>	<u>1,906,105</u>	<u>2,021,720</u>
End of year	<u>\$ 1,385,344</u>	<u>\$ 50,752</u>	<u>\$ 1,436,096</u>	<u>\$ 1,906,105</u>

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022 with comparative totals for 2021

	Program Services				Supporting Services		Totals	
	Annual Meeting	Education	Research	Practice	Management and General	Membership Development	2022	2021
Advertising and marketing	\$ 26,757	\$ -	\$ -	\$ -	\$ -	\$ 22,719	\$ 49,476	\$ 33,814
Audiovisual expense	278,735	-	-	-	-	-	278,735	245,819
Bank and credit card fees	18,699	7,870	-	-	2,476	18,793	47,838	45,422
Board and committee expenses	8,273	-	-	-	35,736	-	44,009	36,769
Depreciation	2,233	9,400	193	193	2,960	22,445	37,424	26,252
Education	5,352	83,023	-	11,070	700	-	100,145	64,905
Honoraria	2,020	1,313	-	-	30,000	-	33,333	39,981
Hotel, food and beverage	281,287	-	-	-	-	-	281,287	201,362
Insurance	4,926	-	-	-	7,351	-	12,277	8,543
Journal subscription expense	-	-	117,968	-	-	-	117,968	135,541
Management fees	247,435	247,435	18,558	18,558	216,504	117,532	866,022	822,740
Postage	5,702	-	-	-	16,869	-	22,571	17,312
Printing, design and copies	40,983	14,223	-	-	46,403	-	101,609	108,865
Professional fees	63,319	-	2,500	65,667	43,810	-	175,296	163,523
Registration and dues	20,831	-	-	-	-	7,628	28,459	25,227
Supplies	15,076	-	-	-	21,843	-	36,919	15,281
Telecommunications	-	-	-	-	24,412	3,600	28,012	29,471
Travel	22,404	-	-	-	38,147	-	60,551	23,494
Website	5,810	-	-	-	7,017	-	12,827	11,063
Miscellaneous	884	-	-	-	28,021	-	28,905	29,079
Total expenses	\$ 1,050,726	\$ 363,264	\$ 139,219	\$ 95,488	\$ 522,249	\$ 192,717	\$ 2,363,663	\$ 2,084,463

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF CASH FLOWS

Year ended December 31, 2022 with comparative totals for 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (470,009)	\$ (115,615)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Net realized and unrealized (gain) loss on investments	221,921	(66,580)
Depreciation	37,424	26,252
(Increase) decrease in		
Accounts receivable	14,941	(12,668)
Prepaid expenses and other assets	13,076	(10,731)
Increase (decrease) in		
Accounts payable and accrued expenses	340,329	217,591
Deferred revenue	<u>17,450</u>	<u>12,485</u>
Net cash provided by operating activities	<u>175,132</u>	<u>50,734</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(131,075)	(554,180)
Proceeds from sale of investments	102,263	654,637
Purchases of web development costs	<u>-</u>	<u>(100,000)</u>
Net cash provided by (used for) investing activities	<u>(28,812)</u>	<u>457</u>
Change in cash	146,320	51,191
CASH		
Beginning of year	<u>779,716</u>	<u>728,525</u>
End of year	<u>\$ 926,036</u>	<u>\$ 779,716</u>

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(1) NATURE OF OPERATIONS

The American Society of Hand Therapists (the "**Society**") is a nonprofit organization formed for the purpose of advancing the science of hand and upper extremity therapy through communication, education, advocacy, research and clinical standards.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Society reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Society and/or the passage of time. When a restriction is satisfied, 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*.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Society to expend the income generated in accordance with the provisions of the contribution. The Society had no net assets required to be maintained indefinitely at December 31, 2022 and 2021.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles ("**GAAP**"). Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Society. Unobservable inputs reflect the Society's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

AMERICAN SOCIETY OF HAND THERAPISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Society's own assumptions.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. The Society does not charge interest on outstanding balances.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities. Interest income is recorded as earned.

The Society invests in a professionally-managed portfolio that contains various types of securities (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the financial statements could change materially in the near term.

Website Development Costs

Website development costs are carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets.

Revenue Recognition

Membership dues and subscriptions are invoiced based on fixed rates and recognized as revenue in the year to which they relate. Accordingly, membership dues and subscriptions received in advance of the applicable year are included in deferred revenue in the accompanying statement of financial position.

Annual meeting income is based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in a deferred revenue balance or at the time the meeting takes place and immediately recognized as revenue.

Education consists primarily of courses with prices that are fixed at the time of purchase based on published fixed rates. Customers typically pay at the time of purchase, but some customers are invoiced for purchases. Revenue from education is recognized in the period that the course is delivered to the customer or at the time of purchase. Education fees collected in advance of the course's applicable year are included in deferred revenue in the accompanying statement of financial position.

Deferred revenue at December 31, 2022 is expected to be recognized as revenue in 2023.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Contributions

Contributions received are recorded as net assets without donor restriction or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions are recognized when the related promise to give is received. Conditional contributions are recognized when the conditions are satisfied.

Functional Allocation of Expenses

The costs of providing the program and supporting services have been presented on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include management fees which are allocated to functional areas based on estimates of time and effort.

Income Taxes

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Society's tax-exempt purpose is subject to taxation as unrelated business income.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. The Society believes that there are no uncertain tax positions as defined in GAAP and, as a result, there is no impact on the financial statements.

Concentrations of Credit Risk

Financial instruments which potentially subject the Society to concentrations of credit risk are cash and accounts receivable. The Society maintains cash deposits at a high-quality bank. At times, such deposits may exceed federally-insured limits. Accounts receivable consist primarily of royalties from the publisher of the Society's journal. No collateral is required.

(3) INVESTMENTS

Investments at December 31, consisted of the following:

	<u>2022</u>	<u>2021</u>
Money market funds and cash	\$ 61,946	\$ 17,529
Certificates of deposit	178,795	244,854
U.S. Treasury bonds	83,611	87,755
Municipal bonds	385,161	444,086
Exchange traded funds		
Equity	250,350	296,770
Real assets	42,890	58,353
Fixed income	127,926	66,269
Mutual funds		
Equity	159,213	177,116
Fixed income	<u>52,549</u>	<u>142,818</u>
	<u>\$1,342,441</u>	<u>\$1,535,550</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Investments were measured at fair value using Level 1 valuation inputs except for certificates of deposit, U.S. Treasury bonds and municipal bonds which were measured at fair value using Level 2 valuation inputs.

Investment income (loss) for the year ended December 31, was comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 39,418	\$ 36,329
Net realized and unrealized gain (loss)	(221,921)	66,580
Investment management fees	<u>(7,095)</u>	<u>(6,974)</u>
	<u>\$ (189,598)</u>	<u>\$ 95,935</u>

(4) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>Balance</u> <u>December 31, 2021</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2022</u>
Awards and scholarships	\$22,149	\$ 710	\$ -	\$22,859
Annual meeting sessions	-	1,105	-	1,105
Jan Albrecht memorial fund	560	-	-	560
Public affairs and advocacy	<u>29,484</u>	<u>2,182</u>	<u>(5,438)</u>	<u>26,228</u>
	<u>\$52,193</u>	<u>\$3,997</u>	<u>\$(5,438)</u>	<u>\$50,752</u>

(5) MANAGEMENT AGREEMENT

The Society receives meeting and various administrative services from an association management company pursuant to a management agreement that expires December 31, 2025. Terms of the agreement include an annual fee to be paid to the management company as well as an incentive amount that is agreed upon annually. Either party can terminate the agreement with 120 days written notice. Management fees incurred by the Society were \$866,022 for 2022 and \$822,740 for 2021.

(6) JOURNAL SUBSCRIPTION AGREEMENT

The Society entered into an agreement with a publisher to publish the Society's journal, which expires December 31, 2025. The publisher invoices the Society based on the number of copies mailed and pays the Society an honorarium and royalty each year. Journal subscription expense was \$117,968 and \$135,541 for the years ended December 31, 2022 and 2021, respectively.

(7) HOTEL COMMITMENTS

The Society has entered into agreements with hotels providing room accommodations for its annual meeting through 2025. These agreements include a guarantee by the Society that a minimum number of rooms will be rented by attendees. The Society intends to hold the annual meeting at the scheduled hotels.

AMERICAN SOCIETY OF HAND THERAPISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(8) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Society's financial assets available within one year of December 31, 2022 for general expenditure.

Cash	\$ 926,036
Accounts receivable	15,861
Investments	<u>1,342,441</u>
Total financial assets	2,284,338
Less: Financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	<u>(50,752)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,233,586</u>

Liquidity Management

As part of the Society's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Society invests in securities with sufficient marketability to provide for unexpected withdrawals.

(9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 29, 2023, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that require recognition or disclosure in the financial statements.