

American Society of Hand Therapists

Financial Statements
Year Ended December 31, 2023



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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, 2023, 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, 2023, 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' 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

**Philadelphia, Pennsylvania
July 31, 2024**

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF FINANCIAL POSITION

December 31, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 407,720	\$ 926,036
Accounts receivable	22,815	15,861
Prepaid expenses and other assets	73,293	138,607
Investments	1,355,169	1,342,441
Website development costs, net of accumulated depreciation of \$230,620 in 2023 and \$196,742 in 2022	<u>29,195</u>	<u>58,872</u>
Total assets	<u>\$ 1,888,192</u>	<u>\$ 2,481,817</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 334,265	\$ 669,690
Deferred revenue		
Membership dues and subscriptions	268,324	308,848
Annual meeting and other	<u>76,442</u>	<u>67,183</u>
Total liabilities	<u>679,031</u>	<u>1,045,721</u>
NET ASSETS		
Without donor restrictions	1,152,632	1,385,344
With donor restrictions	<u>56,529</u>	<u>50,752</u>
Total net assets	<u>1,209,161</u>	<u>1,436,096</u>
Total liabilities and net assets	<u>\$ 1,888,192</u>	<u>\$ 2,481,817</u>

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF ACTIVITIES

Year ended December 31, 2023 with comparative totals for 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT				
Membership dues and subscriptions	\$ 757,143	\$ -	\$ 757,143	\$ 812,886
Annual meeting	898,516	-	898,516	808,822
Education	323,973	-	323,973	340,422
Contributions	-	19,725	19,725	3,997
Research	10,000	-	10,000	10,000
Other revenue	87,835	-	87,835	107,125
Investment income (loss)	145,390	-	145,390	(189,598)
Net assets released from restrictions	13,948	(13,948)	-	-
Total revenue and support	<u>2,236,805</u>	<u>5,777</u>	<u>2,242,582</u>	<u>1,893,654</u>
EXPENSES				
Program services				
Annual meeting	1,197,830	-	1,197,830	1,050,726
Education	379,284	-	379,284	363,264
Research	125,958	-	125,958	139,219
Practice	90,302	-	90,302	95,488
Supporting services				
Management and general	494,384	-	494,384	522,249
Membership development	181,759	-	181,759	192,717
Total expenses	<u>2,469,517</u>	<u>-</u>	<u>2,469,517</u>	<u>2,363,663</u>
CHANGE IN NET ASSETS	(232,712)	5,777	(226,935)	(470,009)
NET ASSETS				
Beginning of year	<u>1,385,344</u>	<u>50,752</u>	<u>1,436,096</u>	<u>1,906,105</u>
End of year	<u>\$ 1,152,632</u>	<u>\$ 56,529</u>	<u>\$ 1,209,161</u>	<u>\$ 1,436,096</u>

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023 with comparative totals for 2022

	Program Services				Supporting Services		Totals	
	Annual Meeting	Education	Research	Practice	Management and General	Membership Development	2023	2022
Advertising and marketing	\$ 30,463	\$ -	\$ -	\$ -	\$ -	\$ 13,493	\$ 43,956	\$ 49,476
Audiovisual expense	274,391	-	-	-	-	-	274,391	278,735
Bank and credit card fees	22,031	7,944	-	-	2,153	18,565	50,693	47,838
Board and committee expenses	7,485	-	-	-	43,790	-	51,275	44,009
Depreciation	14,584	5,259	160	160	1,426	12,289	33,878	37,424
Education	6,421	104,036	-	-	8,350	-	118,807	100,145
Honoraria	2,060	1,428	-	-	30,000	-	33,488	33,333
Hotel, food and beverage	392,156	-	-	-	-	-	392,156	281,287
Insurance	5,343	-	-	-	-	7,746	13,089	12,277
Journal subscription expense	-	-	99,490	-	-	-	99,490	117,968
Management fees	249,384	249,384	18,704	18,704	218,211	118,458	872,845	866,022
Postage	6,363	-	-	-	12,004	-	18,367	22,571
Printing, design and copies	39,289	11,233	-	-	46,669	-	97,191	101,609
Professional fees	70,779	-	-	71,438	36,465	-	178,682	175,296
Registration and dues	20,974	-	-	-	-	7,428	28,402	28,459
Supplies	8,963	-	-	-	29,603	-	38,566	36,919
Telecommunications	176	-	-	-	18,611	3,780	22,567	28,012
Travel	31,018	-	-	-	22,619	-	53,637	60,551
Website	15,950	-	-	-	6,517	-	22,467	12,827
Miscellaneous	-	-	7,604	-	17,966	-	25,570	28,905
Total expenses	\$ 1,197,830	\$ 379,284	\$ 125,958	\$ 90,302	\$ 494,384	\$ 181,759	\$ 2,469,517	\$ 2,363,663

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

STATEMENT OF CASH FLOWS

Year ended December 31, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (226,935)	\$ (470,009)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized (gain) loss on investments	(102,008)	221,921
Depreciation	33,878	37,424
(Increase) decrease in		
Accounts receivable	(6,954)	14,941
Prepaid expenses and other assets	65,314	13,076
Increase (decrease) in		
Accounts payable and accrued expenses	(335,425)	340,329
Deferred revenue	<u>(31,265)</u>	<u>17,450</u>
Net cash provided by (used for) operating activities	<u>(603,395)</u>	<u>175,132</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(117,952)	(131,075)
Proceeds from sale of investments	207,232	102,263
Purchases of web development costs	<u>(4,201)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>85,079</u>	<u>(28,812)</u>
Change in cash	(518,316)	146,320
CASH		
Beginning of year	<u>926,036</u>	<u>779,716</u>
End of year	<u>\$ 407,720</u>	<u>\$ 926,036</u>

See accompanying notes

AMERICAN SOCIETY OF HAND THERAPISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(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, 2023 and 2022.

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, 2022, 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, 2023

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, 2023 is expected to be recognized as revenue in 2024.

AMERICAN SOCIETY OF HAND THERAPISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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>2023</u>	<u>2022</u>
Money market funds and cash	\$ 18,520	\$ 61,946
Certificates of deposit	-	178,795
U.S. Treasury bonds	99,333	83,611
Municipal bonds	445,672	385,161
Corporate bonds	35,612	-
Exchange traded funds		
Equity	312,788	250,350
Real assets	56,728	42,890
Fixed income	144,754	127,926
Mutual funds		
Equity	189,485	159,213
Fixed income	<u>52,277</u>	<u>52,549</u>
	<u>\$1,355,169</u>	<u>\$1,342,441</u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

Investments were measured at fair value using Level 1 valuation inputs except for certificates of deposit, U.S. Treasury bonds, municipal bonds and corporate 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>2023</u>	<u>2022</u>
Interest and dividends	\$ 50,615	\$ 39,418
Net realized and unrealized gain (loss)	102,008	(221,921)
Investment management fees	<u>(7,233)</u>	<u>(7,095)</u>
	<u>\$ 145,390</u>	<u>\$ (189,598)</u>

(4) NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Balance</u> <u>December 31, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2023</u>
Awards and scholarships	\$22,859	\$15,692	\$ -	\$38,551
Annual meeting sessions	1,105	1,867	-	2,972
Jan Albrecht memorial fund	560	-	(560)	-
Public affairs and advocacy	<u>26,228</u>	<u>2,166</u>	<u>(13,388)</u>	<u>15,006</u>
	<u>\$50,752</u>	<u>\$19,725</u>	<u>\$(13,948)</u>	<u>\$56,529</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 \$872,845 for 2023 and \$866,022 for 2022.

(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 \$99,490 and \$117,968 for the years ended December 31, 2023 and 2022, respectively.

(7) HOTEL COMMITMENTS

The Society has entered into agreements with hotels providing room accommodations for its annual meeting through 2027. 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, 2023

(8) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Society's financial assets available within one year of December 31, 2023 for general expenditure.

Cash	\$ 407,720
Accounts receivable	22,815
Investments	<u>1,355,169</u>
Total financial assets	1,785,704
Less: Financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	<u>(56,529)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,729,175</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 July 31, 2024, the date on which the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2023 that require recognition or disclosure in the financial statements.