

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022



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**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Academy of Neurology and
American Academy of Neurology Institute
Minneapolis, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of American Academy of Neurology and American Academy of Neurology Institute, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, 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 American Academy of Neurology and American Academy of Neurology Institute as of December 31, 2023 and 2022, and the changes in their net assets 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 Consolidated Financial Statements section of our report. We are required to be independent of American Academy of Neurology and American Academy of Neurology Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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 American Academy of Neurology and American Academy of Neurology Institute'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 Consolidated 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 American Academy of Neurology and American Academy of Neurology Institute'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 American Academy of Neurology and American Academy of Neurology Institute'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.

Board of Directors
American Academy of Neurology and
American Academy of Neurology Institute

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are 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

Minneapolis, Minnesota
May 3, 2024

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 13,711,309	\$ 13,070,526
Grants and Gifts Receivable, Net	3,296,690	2,246,249
Accounts Receivable, Net	4,012,017	5,978,213
Prepaid Expenses	1,377,843	1,438,710
Total Current Assets	22,397,859	22,733,698
PROPERTY AND EQUIPMENT, NET	13,383,559	14,097,774
OTHER LONG-TERM ASSETS		
Investments	130,331,112	109,109,585
Investments Held in Trust	642,051	514,726
Right-of-Use Asset	1,151,608	1,260,294
Grants and Gifts Receivable, Net of Current Portion	75,359	1,116,974
Total Other Long-Term Assets	132,200,130	112,001,579
Total Assets	\$ 167,981,548	\$ 148,833,051
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,882,748	\$ 3,955,082
Notes Payable	750,000	750,000
Grants Payable	4,125,500	4,406,000
Deferred Revenue	13,523,040	11,668,450
Lease Liability	136,424	78,440
Accrued Expenses	3,963,852	3,471,683
Total Current Liabilities	26,381,564	24,329,655
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	5,520,963	6,258,819
Paycheck Protection Program Loan	-	1,069,832
Funds Held for Others	12,311,459	10,355,573
Deferred Compensation	642,051	514,726
Deferred Revenue, Net of Current Portion	2,079,043	3,065,625
Lease Liability, Net of Current Portion	1,153,567	1,261,736
Grants Payable, Net of Current Portion	2,956,113	3,831,897
Total Long-Term Liabilities	24,663,196	26,358,208
Total Liabilities	51,044,760	50,687,863
NET ASSETS		
Without Donor Restrictions:		
Undesignated	53,368,216	58,553,161
Board-Designated - Quasi-Endowment	53,150,274	31,824,496
Invested in Property and Equipment	7,112,596	7,088,955
Total Without Donor Restrictions	113,631,086	97,466,612
With Donor Restrictions	3,305,702	678,576
Total Net Assets	116,936,788	98,145,188
Total Liabilities and Net Assets	\$ 167,981,548	\$ 148,833,051

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Royalties	\$ 16,992,991	\$ -	\$ 16,992,991	\$ 16,745,257	\$ -	\$ 16,745,257
Membership	11,465,260	-	11,465,260	11,090,915	-	11,090,915
Conference and Educational Fees	17,481,341	-	17,481,341	13,209,200	-	13,209,200
Grants and Gifts	10,113,427	2,858,583	12,972,010	12,976,302	271,409	13,247,711
Product Sales	494,855	-	494,855	325,066	-	325,066
Publishing Fees	7,791,652	-	7,791,652	7,307,755	-	7,307,755
Management and Service Fees	409,437	-	409,437	364,192	-	364,192
Insurance Proceeds	98,497	-	98,497	1,403,024	-	1,403,024
Employee Retention Credit	37,418	-	37,418	2,639,552	-	2,639,552
Other	578,838	-	578,838	572,733	-	572,733
Investment Income (Loss)	781,180	73,043	854,223	31,795	(43,613)	(11,818)
Net Assets Released From Restrictions	304,500	(304,500)	-	309,000	(309,000)	-
Total Support and Revenue	<u>66,549,396</u>	<u>2,627,126</u>	<u>69,176,522</u>	<u>66,974,791</u>	<u>(81,204)</u>	<u>66,893,587</u>
EXPENSES						
Program	53,534,996	-	53,534,996	54,307,566	-	54,307,566
General and Administrative	11,056,568	-	11,056,568	9,988,515	-	9,988,515
Total Expenses	<u>64,591,564</u>	<u>-</u>	<u>64,591,564</u>	<u>64,296,081</u>	<u>-</u>	<u>64,296,081</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME	1,957,832	2,627,126	4,584,958	2,678,710	(81,204)	2,597,506
Nonoperating Investment Income (Loss)	<u>14,206,642</u>	<u>-</u>	<u>14,206,642</u>	<u>(15,406,376)</u>	<u>-</u>	<u>(15,406,376)</u>
CHANGE IN NET ASSETS	16,164,474	2,627,126	18,791,600	(12,727,666)	(81,204)	(12,808,870)
Net Assets - Beginning of Year	<u>97,466,612</u>	<u>678,576</u>	<u>98,145,188</u>	<u>110,194,278</u>	<u>759,780</u>	<u>110,954,058</u>
NET ASSETS - END OF YEAR	<u>\$ 113,631,086</u>	<u>\$ 3,305,702</u>	<u>\$ 116,936,788</u>	<u>\$ 97,466,612</u>	<u>\$ 678,576</u>	<u>\$ 98,145,188</u>

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023								
	Program						Support		Total Expenses
	Research	Clinical Practice	Membership	Education	Publications	Advocacy	Total Program	General and Administrative	
Salaries and Benefits	\$ -	\$ 1,945,050	\$ 2,552,125	\$ 8,310,551	\$ 3,194,650	\$ 3,435,120	\$ 19,437,496	\$ 6,221,139	\$ 25,658,635
General Office	-	35,758	392,772	919,466	40,918	66,601	1,455,515	213,886	1,669,401
Technology	-	151,629	152,751	827,208	128,466	231,465	1,491,519	721,757	2,213,276
Occupancy	-	557	188,537	99,384	245,271	250,985	784,734	368,916	1,153,650
Professional Services	-	726,217	249,992	1,924,106	1,161,793	786,390	4,848,498	2,439,605	7,288,103
Subscriptions	-	-	4,325,867	-	-	615	4,326,482	-	4,326,482
Marketing	-	11,905	245,182	353,892	548,354	13,525	1,172,858	3,715	1,176,573
Meeting and Conferences	-	267,159	490,637	11,435,634	282,035	1,150,476	13,625,941	243,320	13,869,261
Stipends	-	196,750	28,417	573,635	1,178,327	88,558	2,065,687	99,496	2,165,183
Grants	4,154,221	-	-	-	-	-	4,154,221	-	4,154,221
Depreciation	-	-	13,687	103,555	19,937	18,223	155,402	572,476	727,878
Interest	-	2,056	1,861	8,283	2,109	2,334	16,643	172,258	188,901
Total Functional Expenses	\$ 4,154,221	\$ 3,337,081	\$ 8,641,828	\$ 24,555,714	\$ 6,801,860	\$ 6,044,292	\$ 53,534,996	\$ 11,056,568	\$ 64,591,564

	2022								
	Program						Support		Total Expenses
	Research	Clinical Practice	Membership	Education	Publications	Advocacy	Total Program	General and Administrative	
Salaries and Benefits	\$ -	\$ 2,395,826	\$ 2,699,156	\$ 7,701,199	\$ 3,104,145	\$ 3,389,333	\$ 19,289,659	\$ 5,549,646	\$ 24,839,305
General Office	-	45,225	363,318	803,831	51,802	76,738	1,340,914	232,783	1,573,697
Technology	-	158,869	181,652	824,670	189,415	262,408	1,617,014	939,882	2,556,896
Occupancy	-	604	195,532	116,302	252,099	258,996	823,533	254,376	1,077,909
Professional Services	-	751,532	361,544	1,810,532	770,019	873,384	4,567,011	1,733,005	6,300,016
Subscriptions	-	-	4,321,494	-	-	-	4,321,494	-	4,321,494
Marketing	-	14,271	188,220	323,478	544,599	14,975	1,085,543	2,240	1,087,783
Meeting and Conferences	-	205,737	297,286	8,895,316	192,932	791,775	10,383,046	205,960	10,589,006
Stipends	-	195,381	27,894	580,870	1,120,188	79,566	2,003,899	88,103	2,092,002
Grants	8,479,490	-	-	-	-	-	8,479,490	180,316	8,659,806
Depreciation	-	20,651	37,276	227,065	63,048	47,720	395,760	614,215	1,009,975
Interest	-	28	24	93	28	30	203	187,989	188,192
Total Functional Expenses	\$ 8,479,490	\$ 3,788,124	\$ 8,673,396	\$ 21,283,356	\$ 6,288,275	\$ 5,794,925	\$ 54,307,566	\$ 9,988,515	\$ 64,296,081

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 18,791,600	\$ (12,808,870)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	727,877	1,009,975
Bond Issuance Cost Amortization	12,144	12,144
Change in Operating Lease Asset and Liabilities	138,383	79,882
Loss (Gain) on Investments	(11,340,942)	17,721,341
(Increase) Decrease in Assets:		
Grants and Gifts Receivable	(8,826)	(1,947,447)
Accounts Receivable	1,966,196	(5,239,686)
Prepaid Expenses	60,867	(662,742)
Increase (Decrease) in Liabilities:		
Accounts Payable	(72,334)	1,636,325
Grants Payable	(1,156,284)	2,255,798
Deferred Compensation	127,325	(64,047)
Deferred Revenue	868,008	(8,422,406)
Accrued Expenses	492,169	(418,963)
Net Cash Provided (Used) by Operating Activities	10,606,183	(6,848,696)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(13,662)	(254,091)
Purchase of Investment Held in Trust	(127,325)	64,047
Purchase of Investments	(31,507,058)	(31,611,901)
Proceeds on Sale of Investments	23,582,359	29,434,462
Net Cash Used by Investing Activities	(8,065,686)	(2,367,483)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payments on Finance Lease	(79,882)	(23,977)
Cash Payments on Paycheck Protection Program Loan	(1,069,832)	-
Cash Payments on Note Payable	(750,000)	(750,000)
Net Cash Used by Financing Activities	(1,899,714)	(773,977)
CHANGE IN CASH AND CASH EQUIVALENTS	640,783	(9,990,156)
Cash and Cash Equivalents - Beginning of Year	13,070,526	23,060,682
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,711,309	\$ 13,070,526
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 149,828	\$ 175,761
Income Taxes Paid During the Year	\$ 71,967	\$ 17,705

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Academy of Neurology (the Academy) is a nonprofit, international, professional association of more than 40,000 neurologists and neuroscience professionals. The mission is to promote the highest quality patient-centered neurologic care and enhance member career satisfaction.

American Academy of Neurology Institute (the Institute) is a nonprofit with the mission to advance the art and science of neurology, and thereby promote the best possible care for patients with neurological disorders. The Institute provides excellence in education through diverse programs in both clinical aspects of neurology and in basic neuroscience areas; supports the development of a practice environment that provides ethical, high quality care for patients with neurological disorders; and supports clinical and basic research.

The Academy and Institute operate under an Inter-Organization Agreement (the Agreement) that defines the rights of each, ownership of Academy journals, and allocation of royalties. They also operate under a resource allocation agreement that provides for the sharing of employees and facilities. The Agreement requires the reimbursement of expenses at cost or fair market value.

Basis of Consolidation

The consolidated financial statements include the accounts of the Academy and the Institute (collectively, the Organization). All significant intercompany balances and transactions have been eliminated.

Financial Statement Presentation

Net assets, support, revenue, expenses, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in supporting the mission of the Organization. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

The Organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization’s financial statements but did change how the allowance for credit losses is determined.

Cash and Cash Equivalents

The Organization maintains cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Receivables

Accounts, contributions, and royalty receivables are stated at net realizable value. Accordingly, the Organization accounts for uncollectible accounts by the credit loss method, which is based on management’s judgment considering historical information and forward facing factors. Payment is required 30 days after receipt of the invoice. Individual accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the receivable is written off against the reserve. The Organization had no allowance for doubtful accounts at December 31, 2023 and 2022.

Property and Equipment

Property and equipment are recorded at original cost. Additions, improvements, or major renewals at or over \$5,000 are capitalized. Any gains or losses on property and equipment retirements are reflected in the current year operations.

Depreciation is computed using the straight-line method at rates based on estimated service lives as follows:

Building	40 Years
Office Furniture and Equipment	3 to 20 Years
Software	3 to 5 Years
Leasehold Improvements	Lesser of 10 Years or Life of Lease

Leases

The Organization leases office space for general operations. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use (ROU) assets and operating lease liabilities on the consolidated statements of financial position.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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 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.

Investments

Investments in marketable securities are recorded at fair value and consist primarily of equity funds and corporate bond funds. In addition, the Organization's investments include two limited partnerships that are diversified funds of hedge funds, reported at the estimated fair value of the Organization's share of the fund, calculated monthly by the custodian. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Cash from the liquidation of securities are classified as investments when the funds are intended to be reinvested in securities.

Grants Payable

Grants payable consist of awards and grants approved for various research projects and fellowships. Long-term grants payable are discounted based on the year to be paid.

Funds Held for Others

Funds held for others consist of investments held for the American Brain Foundation, and United Council for Neurologic Subspecialties.

Deferred Compensation

Deferred compensation includes investment assets held in a 457(b) retirement plan and retention plan for the benefit of certain officers of the Organization. The fair value of the assets held are presented as investments held in trust and deferred compensation on the consolidated statements of financial position.

Grants and Gifts

Grants and gifts received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Gifts are recognized at fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are recorded when the conditions upon which they depend have been met. Until that time, they are reported on the statement of financial position as a refundable advance if they cash has been received in advance of meeting the conditions.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Gifts (Continued)

Consequently, at December 31, 2023, conditional contributions approximating \$11.4 million, have not been recognized in the accompanying consolidated statement of activities. Of the total conditional contributions, amounts represent both agreements that are conditioned upon the selection of a grant recipient in conjunction with a research committee and the grantor themselves as well as agreements that are conditioned upon holding an annual meeting.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. At December 31, 2022, the Organization had complied with the conditions of the Employee Retention Credit (ERC) funding through the Internal Revenue Service (IRS) in the amount of \$2,639,552, which is noted on the consolidated statement of financial position.

Fair Value Measurement

The Organization categorizes its investments measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Investments valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue related to conference and educational fees and sale of products and services is recognized at the time the events take place or the services are performed. Revenue that is received for future periods is recorded as deferred revenue and recognized in the periods to which the service relates.

Membership dues are recognized as revenue over the period in which the dues relate. Dues generally represent services rendered on a calendar year basis, however there is one category of dues that follows an academic year period. Dues collected in advance are recorded as deferred revenue until they are earned.

Revenue related to publishing fees and royalties are recognized over the time period of the respective contracts. Publishing fees are recognized annually based on set rates provided in the publishing agreements. Royalties are recognized as they are earned based on the basis for which they are earned whether it is a sales based recognition or for each calendar year. Publishing or royalty revenue received in advance are recorded as deferred revenue until earned.

Management and service fees are recognized monthly as the services are provided to the nonprofit organizations.

The following table shows the consolidated revenue disaggregated according to the timing of the transfer of goods or services:

Revenue Recognized at Point in Time:	2023	2022
Royalties	\$ 2,411,678	\$ 2,310,592
Product Sales	141,903	103,609
Insurance Proceeds	98,497	1,403,024
Total Revenue Recognized at Point in Time	<u>\$ 2,652,078</u>	<u>\$ 3,817,225</u>
Revenue Recognized Over Time:		
Royalties	\$ 14,581,313	\$ 14,434,665
Membership	11,465,260	11,090,915
Conference and Educational Fees	17,481,341	13,209,200
Product Sales	352,952	221,457
Publishing Fees	7,791,652	7,307,755
Management and Service Fees	409,437	364,192
Other	578,838	572,733
Total Revenue Recognized Over Time	<u>\$ 52,660,793</u>	<u>\$ 47,200,917</u>

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses

The Organization's costs of providing its various services have been classified on a program basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited. Expenses are charged directly to programs and support services where possible. Remaining expenses are allocated based on actual time spent on programs and support services.

Income Taxes

The Institute is organized and operates on a nonprofit basis and their tax-exempt status has been recognized by the IRS under Section 501(c)(3). They are classified as an organization which is not a private foundation under the Internal Revenue Code (IRC) and charitable contributions by donors are tax deductible. The Institute is subject to unrelated business income taxes under the IRC for federal and state tax purposes.

The Academy is organized on a nonprofit basis, and their tax-exempt status has been recognized by the IRS under Section 501(c)(6). The Academy is subject to unrelated business income taxes under the IRC for federal and state tax purposes.

The Organization follows the provisions of Financial Accounting Standards Board (FASB), which requires that a tax position be recognized or derecognized based on a more likely than not threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions. The Organization's tax returns are subject to review and examination by federal authorities.

Other Concentrations

As of December 31, 2023 and 2022, 100% of grants and gifts receivable were from two and one donor, respectively. The Organization also has a potential credit risk in grants and gifts receivable since the balance is due from a limited number of individuals and corporate contributions. As of December 31, 2023 and 2022, 82% and 84%, respectively, of accounts receivable were from two organizations.

Use of Estimates

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 3, 2024, the date the financial statements were available to be issued.

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NOTE 2 LIQUIDITY AND AVAILABILITY

The Academy monitors liquidity required to meet its operating needs and other contractual commitments as they become due, while also striving to maximize the investment of its available funds. The Academy has various sources of liquidity at its disposal, including cash and cash equivalents, marketable securities and line of credit. 83% of Academy investments are highly liquid and readily available. See note 9 for information about the Academy's line of credit. The Academy annually approves a surplus budget to support the operating needs. The Academy's cash flow statement reflects intentional uses of cash over the last two years. The Academy has also established a board-designated quasi-endowment through board action and should the need arise, these assets could be made available for general expenditures through further board action.

As of December 31, 2023, and 2022, the Academy held the following financial resources, including those that could be available within one year:

	<u>2023</u>	<u>2022</u>
Financial Assets Available to Meet General Operating Expenses in Next 12 Months:		
Cash and Cash Equivalents	\$ 13,711,309	\$ 13,070,526
Grants and Gifts Receivable, Net	3,296,690	2,246,249
Accounts Receivable	4,012,017	5,978,213
Investments Convertible to Cash in		
Less Than 12 Months	97,849,085	77,108,994
Less:		
Board Designated Quasi-Endowment	(53,150,274)	(31,824,496)
Deferred Revenue Unavailable to Support Subsequent		
Year Expenses	(2,079,043)	(3,065,625)
Assets with Donor Restrictions	<u>(3,305,702)</u>	<u>(678,576)</u>
Total	<u>\$ 60,334,082</u>	<u>\$ 62,835,285</u>

The Academy's board of directors has established a cash reserve policy. The policy establishes the target level of cash and cash equivalents to hold at the end of each year, annual reporting to the board and recommendation regarding any excess or shortfall. The levels were within acceptable levels and the line of credit is available to support any cash flow short falls during the year. During 2023 and 2022, there were no draws on the line of credit.

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NOTE 3 GRANTS AND GIFTS RECEIVABLE

Grants and gifts receivable at December 31 were as follows:

	<u>2023</u>	<u>2022</u>
Less than One Year	\$ 3,296,690	\$ 2,246,249
One to Five Years	80,834	1,167,501
Total	<u>3,377,524</u>	<u>3,413,750</u>
Less: Discount to Present Value	(5,475)	(50,527)
Net Grants and Gifts Receivable	<u>\$ 3,372,049</u>	<u>\$ 3,363,223</u>

Amounts are presented in the consolidated statements of financial position as follows at December 31:

	<u>2023</u>	<u>2022</u>
Current	\$ 3,296,690	\$ 2,246,249
Long-Term	75,359	1,116,974
Total	<u>\$ 3,372,049</u>	<u>\$ 3,363,223</u>

Grants and gifts expected to be received beyond one year are reflected at the present value of future cash flows at the date of donation using a discount rate of approximately 1% to 5%.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land and Land Improvements	\$ 682,208	\$ 682,208
Capital Projects in Progress	48,044	43,044
Building	17,202,176	17,202,176
Office Furniture, Equipment, and Software	5,524,713	5,657,572
Intangible Asset	60,010	60,010
Total Property and Equipment	<u>23,517,151</u>	<u>23,645,010</u>
Less: Accumulated Depreciation	(10,133,592)	(9,547,236)
Net Property and Equipment	<u>\$ 13,383,559</u>	<u>\$ 14,097,774</u>

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NOTE 5 INVESTMENTS

Investments consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Reserves:		
Cash and Cash Equivalents	\$ 1,072,477	\$ 3,546,593
Fixed Income	21,829,971	15,244,677
US Equity	51,821,239	40,463,656
Non-US Equity	27,003,844	22,039,182
Mutual Funds Held in Trust	642,051	514,726
Hedge Fund	6,472,829	5,471,289
Real Asset	8,403,682	11,848,487
Private Equity	<u>13,727,070</u>	<u>9,509,491</u>
Subtotal Reserves	130,973,163	108,638,101
Operating:		
Fixed Income	-	<u>986,210</u>
Subtotal Operating	<u>-</u>	<u>986,210</u>
Total Investments	<u>\$ 130,973,163</u>	<u>\$ 109,624,311</u>

Investments in the fixed income, US equity, non-U.S. equity, and mutual funds are recorded at fair market value. A portion of the hedge funds are recorded at the estimated fair value of the Organization's share of the fund, calculated monthly by the custodian. A portion of the hedge funds, real asset, and private equity funds are recorded at the estimated net asset value of the Organization's ownership of the fund calculated by the fund manager.

Investment income (loss), which includes earnings on the demand deposit accounts, consists of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 3,719,923	\$ 2,303,147
Realized and Unrealized Gain (Loss) on Investments	<u>11,340,942</u>	<u>(17,721,341)</u>
Total Investment Income (Loss)	<u>\$ 15,060,865</u>	<u>\$ (15,418,194)</u>

The unrealized and realized gains and losses are included in investment income on the consolidated statements of activities. The Organization maintains long-term reserve investments through long-term investment holdings. These investments are separated from the Organization's general checking and savings accounts. All investment returns on reserve investments are considered nonoperating.

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NOTE 6 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain investments and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following tables present the balances of assets measured at fair value on a recurring basis at December 31:

	2023			Total
	Level 1	Level 2	Level 3	
INVESTMENTS				
Fixed Income	\$ 21,829,971	\$ -	\$ -	\$ 21,829,971
US Equity	51,821,239	-	-	51,821,239
Non-US Equity	27,003,844	-	-	27,003,844
Hedge Fund	6,472,829	-	-	6,472,829
Mutual Funds Held in Trust	642,050	-	-	642,050
Subtotal - Fair Value	<u>\$ 107,769,933</u>	<u>\$ -</u>	<u>\$ -</u>	107,769,933
Cash Equivalents				1,072,477
Funds Reported at Net Asset Value				<u>22,130,753</u>
Total				<u>\$ 130,973,163</u>

	2022			Total
	Level 1	Level 2	Level 3	
INVESTMENTS				
Fixed Income	\$ 16,230,887	\$ -	\$ -	\$ 16,230,887
US Equity	40,463,656	-	-	40,463,656
Non-US Equity	22,039,182	-	-	22,039,182
Hedge Fund	2,824,744	-	-	2,824,744
Mutual Funds Held in Trust	514,726	-	-	514,726
Subtotal - Fair Value	<u>\$ 82,073,195</u>	<u>\$ -</u>	<u>\$ -</u>	82,073,195
Cash Equivalents				3,546,593
Funds Reported at Net Asset Value				<u>24,004,523</u>
Total				<u>\$ 109,624,311</u>

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NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

	2023		
	Net Asset Value	Redemption Notice Period	Redemption Frequency
Hedge Fund	\$ -	107 Days	Semi-Annually
Real Asset	8,403,682	45 Days	Quarterly
Private Equity	13,727,070	N/A	N/A
	2022		
	Net Asset Value	Redemption Notice Period	Redemption Frequency
Hedge Fund	\$ 2,646,545	107 Days	Semi-Annually
Real Asset	11,848,487	45 Days	Quarterly
Private Equity	9,509,491	N/A	N/A

Hedge funds includes investments in a multi-strategy and event driven fund. The fair value of the hedge funds in this category has been estimated using the net asset value per share of the investments (or its equivalent). Real assets include investments in a core real estate fund, with the fair value estimated using the net asset value per share. Private equity includes investments in a global diversified private equity fund of funds, with the fair value estimated using net asset value based on ownership in the total fund. As of December 31, 2023 and 2022, there were unfunded commitments of \$-0- and \$3.0 million for new investments.

NOTE 7 INCOME TAX

The Academy is subject to income tax on any unrelated business income. The provision for income taxes charged to operations was \$71,976 and \$17,705 at December 31, 2023 and 2022, respectively.

NOTE 8 FUNDS HELD FOR OTHERS

Funds held for others at December 31, 2023 and 2022 consist of the value of investments of a 501(c)(3) organization (American Brain Foundation) and one 501(c)(6) (United Council for Neurologic Subspecialties).

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NOTE 9 NOTES PAYABLE

Notes payable consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Revenue Bonds Due June 1, 2032 with a Fixed Interest Rate of 2.15% at December 31	\$ 6,375,000	\$ 7,125,000
Bond Issuance Costs	<u>(104,037)</u>	<u>(116,181)</u>
Total Notes Payable	<u>\$ 6,270,963</u>	<u>\$ 7,008,819</u>

The City of Minneapolis, Minnesota issued Recovery Zone Facility Revenue Bonds to finance the construction and equipping of the Academy's office building. Interest was payable monthly at a fixed rate of 3.32% through June 1, 2017 and principal payments are due semi-annually beginning December 2012. The notes were refinanced March 20, 2017 and the fixed interest rate was reset at 2.28% through March 22, 2022. The notes were refinanced again on March 16, 2022 and the fixed interest rate was reset at 2.15% through March 1, 2027, at which point the bond matures. The bonds are secured by the Organization's building.

Amounts are presented in the consolidated statements of financial position as follows at December 31:

	<u>2023</u>	<u>2022</u>
Current	\$ 750,000	\$ 750,000
Long-Term	<u>5,520,963</u>	<u>6,258,819</u>
Total	<u>\$ 6,270,963</u>	<u>\$ 7,008,819</u>

At December 31, 2023, the Organization believes they are in compliance with all financial covenant requirements.

The Organization incurred interest expense related to notes payable of \$176,756 and \$176,048 in 2023 and 2022, respectively.

Payments are due as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 750,000
2025	750,000
2026	750,000
2027	750,000
2028	750,000
Thereafter	<u>2,625,000</u>
Total	<u>\$ 6,375,000</u>

The bond was issued December 21, 2010 and the bond issuance costs are amortized over the life of the bond.

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NOTE 9 NOTES PAYABLE (CONTINUED)

	<u>2023</u>	<u>2022</u>
Bond Issuance Costs	\$ 262,221	\$ 262,221
Less: Accumulated Amortization	(158,184)	(146,040)
Net Bond Issuance Costs	<u>\$ 104,037</u>	<u>\$ 116,181</u>

The Organization has a line of credit with a bank in the amount of \$1,000,000 for working capital purposes. The agreement matures December 1, 2024 and had an interest rate of 1.80% plus the daily simple Secured Overnight Financing Rate (SOFR). As of December 31, 2023 and 2022, there were no amounts outstanding on the line of credit.

NOTE 10 LEASES – ASC 842

The Organization leases office space under a long-term, noncancelable lease agreement. The lease expires on May 1, 2033 and provides for a renewal option for an additional five-year term. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease. The lease provides for an annual increase in future minimum rental payments.

The following table provides quantitative information concerning the Organization's leases for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Lease Costs:		
Operating Lease Costs	<u>\$ 146,110</u>	<u>\$ 79,882</u>
Other Information:		
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 1,319,777
Weighted-Average Remaining Lease Term - Operating Leases	9.3 Years	10.3 Years
Weighted-Average Discount Rate - Operating Leases	2.15%	2.15%

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NOTE 10 LEASES – ASC 842 (CONTINUED)

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 December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 136,424
2025	139,828
2026	143,318
2027	146,897
2028	150,579
Thereafter	710,869
Total Future Minimum Lease Payments	<u>1,427,915</u>
(Less) Imputed Interest	<u>(137,924)</u>
Total Present Value	<u>\$ 1,289,991</u>
Short-Term Lease Liabilities	\$ (136,424)
Long-Term Lease Liabilities	<u>(1,153,567)</u>
Total	<u>\$ (1,289,991)</u>

NOTE 11 PAYCHECK PROTECTION PROGRAM LOAN

On February 16, 2021, the Organization received a loan in the amount of \$3,473,760 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP). The PPP loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

The Organization remitted a repayment of \$2,403,926 in April 2021 and \$1,069,832 in April 2023. The ending balance related to the PPP loan as of December 31, 2023 was \$-0-.

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NOTE 12 GRANTS PAYABLE

Grants payable included the following at December 31:

	2023	2022
Current Portion of Grants Payable	\$ 4,125,500	\$ 4,406,000
Long-Term Portion of Grants Payable	2,956,113	3,831,897
Net Grants Payable	<u>\$ 7,081,613</u>	<u>\$ 8,237,897</u>
Amounts Due:		
One Year or Less	\$ 4,125,500	\$ 4,406,000
One to Five Years	3,140,000	4,020,000
Discount to Present Value	(183,887)	(188,103)
Net Grants Payable	<u>\$ 7,081,613</u>	<u>\$ 8,237,897</u>

Grants expected to be paid beyond one year are reflected at the present value of future cash flows using a discount rate of approximately 1% to 5%.

NOTE 13 CONTRACT LIABILITIES

Contract liabilities are represented as deferred revenue in the consolidated statements of financial position. Deferred revenue consisted of the following at December 31:

	2023	2022	2021
Future Year Dues	\$ 7,871,707	\$ 6,756,776	\$ 7,081,852
Conference Revenues	2,467,337	1,690,165	1,305,932
Publications	3,000,000	4,000,000	5,000,000
Registration	1,991,035	1,793,045	1,537,975
Other	272,004	494,089	8,230,722
Total Deferred Revenue	<u>15,602,083</u>	<u>14,734,075</u>	<u>23,156,481</u>
Current Portion of Deferred Revenue	(13,523,040)	(11,668,450)	(19,094,127)
Long-Term Portion of Deferred Revenue	<u>\$ 2,079,043</u>	<u>\$ 3,065,625</u>	<u>\$ 4,062,354</u>

NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes at December 31:

	2023	2022
Annual Meeting and Other Programs	\$ 11,972	\$ 11,972
Education, Research, and Award Funds	2,783,317	142,109
BrainPAC	372,163	386,245
Perpetual Endowment	138,250	138,250
Total	<u>\$ 3,305,702</u>	<u>\$ 678,576</u>

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NOTE 15 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by the Organization incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the following purposes as of December 31:

	<u>2023</u>	<u>2022</u>
Education, Research, and Award Funds	\$ 7,000	\$ 4,500
BrainPAC	297,500	304,500
Total	<u>\$ 304,500</u>	<u>\$ 309,000</u>

NOTE 16 ENDOWMENT

The Organization's donor-restricted endowment consists of three individual funds established to support research and awards and as required by GAAP, net assets associated with those endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment also includes funds designated by the board of directors to function as an endowment.

The board of directors of the Organization has determined the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization considers the following factors when making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

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NOTE 16 ENDOWMENT (CONTINUED)

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 8% over the long-term. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objective within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year 4.5% of its endowment fund's moving average fair value over the prior 12 months through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. No draw was taken on the quasi-endowment for 2023 or 2022.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specific term as well as to provide additional real growth through new gifts and investment return. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023 and 2022.

Changes in endowment net assets for the fiscal years ended December 31 consisted of the following:

	Without Donor Restrictions	With Donor Restriction		Total With Donor Restrictions	Total
		Purpose	Perpetual		
Balance - December 31, 2021	\$ 36,890,164	\$ 187,223	\$ 138,250	\$ 325,473	\$ 37,215,637
Investment Income	(5,065,668)	(43,613)	-	(43,613)	(5,109,281)
Balance - December 31, 2022	31,824,496	143,610	138,250	281,860	32,106,356
Investment Income	5,325,778	39,180	-	39,180	5,364,958
Contributions	16,000,000	-	-	-	16,000,000
Appropriation of Endowment Funds	-	(7,000)	-	(7,000)	(7,000)
Balance - December 31, 2023	<u>\$ 53,150,274</u>	<u>\$ 175,790</u>	<u>\$ 138,250</u>	<u>\$ 314,040</u>	<u>\$ 53,464,314</u>

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NOTE 17 RETIREMENT PLAN

The Academy has a defined contribution retirement plan for its employees who meet certain service requirements. The Academy makes monthly contributions to the plan of 10.5% of the base salaries of qualifying participants. Retirement plan expenses were approximately \$1,939,000 and \$1,716,000 for the years ended December 31, 2023 and 2022, respectively.

NOTE 18 COMMITMENTS

Hotel and Convention Center Commitments

As of December 31, 2023, the Organization had signed commitments with various hotels and convention centers for the upcoming annual meetings. At December 31, 2023, the Organization was liable for approximately \$3,992,000 if the Organization cancels the agreements. The Organization has obtained insurance to cover the future annual meetings.

NOTE 19 RELATED PARTY TRANSACTIONS

United Council for Neurologic Subspecialties (UCNS) is a nonprofit corporation which provides certification and accreditation for physicians in neurological subspecialties. UCNS was formed by American Academy of Neurology and four other nonprofit neurology associations. The Academy provides various operational services to UCNS including leased employees as follows:

	2023	2022
Services Provided	\$ 161,196	\$ 129,400
Leased Employees	698,886	694,800
Account Receivable	145,340	52,804

UCNS pools their long-term investments with the Academy as described in Note 8 to the financial statements.

The American Brain Foundation (ABF) is a nonprofit corporation established to support vital research into finding cures for brain disease. The Academy provides various operational services to the ABF including leasing employees. The total amount of services provided by the Academy for the years ended December 31, 2023 and 2022 was as follows:

	2023	2022
Services Provided	\$ 248,241	\$ 234,870
Leased Employees	1,286,038	1,233,500
Account Receivable	84,429	320,748

The Academy, in 2023 and 2022, awarded and paid grants of \$-0- and \$1,250,000 to the Foundation in support of their operations.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 19 RELATED PARTY TRANSACTIONS (CONTINUED)

The Academy, in 2023 and 2022, received a grant from the Foundation of \$5,105,000 and \$5,260,000, respectively, to support clinical research training scholarships. The Foundation also provided support to the Academy for various awards in 2023 and 2022, totaling \$170,973 and \$233,994, respectively. As of December 31, 2023 and 2022, the Academy had a receivable from the Foundation of \$2,091,250 and \$3,413,750, respectively, related to these grants.

The Foundation pools their long-term investments with the Academy as described in Note 8 to the financial statements.

Certain members of the Academy's board of directors are individuals from which the Academy purchases services in the normal course of business. During the years ended December 31, 2023 and 2022, the Academy purchased \$600,974 and \$496,219, respectively, of services from individuals who are members of the board of directors.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 6,959,884	\$ 6,751,425	\$ -	\$ 13,711,309
Grants and Gifts Receivable, Net	-	3,296,690	-	3,296,690
Accounts Receivable, Net	1,985,998	2,026,019	-	4,012,017
Intercompany Receivable	2,893,555	-	(2,893,555)	-
Prepaid Expenses	616,232	761,611	-	1,377,843
Total Current Assets	<u>12,455,669</u>	<u>12,835,745</u>	<u>(2,893,555)</u>	<u>22,397,859</u>
PROPERTY AND EQUIPMENT, NET	284,405	13,099,154	-	13,383,559
OTHER LONG-TERM ASSETS				
Investments	23,500,685	106,830,427	-	130,331,112
Investments Held in Trust	642,051	-	-	642,051
Right-of-Use Asset	1,151,608	-	-	1,151,608
Grants and Gifts Receivable, Net of Current Portion	-	75,359	-	75,359
Total Other Long-Term Assets	<u>25,294,344</u>	<u>106,905,786</u>	<u>-</u>	<u>132,200,130</u>
Total Assets	<u>\$ 38,034,418</u>	<u>\$ 132,840,685</u>	<u>\$ (2,893,555)</u>	<u>\$ 167,981,548</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 2,914,033	\$ 968,715	\$ -	\$ 3,882,748
Notes Payable	-	750,000	-	750,000
Grants Payable	-	4,125,500	-	4,125,500
Intercompany Payable	-	2,893,555	(2,893,555)	-
Deferred Revenue	7,352,918	6,170,122	-	13,523,040
Lease Liability	136,424	-	-	136,424
Accrued Expenses	3,563,292	400,560	-	3,963,852
Total Current Liabilities	<u>13,966,667</u>	<u>15,308,452</u>	<u>(2,893,555)</u>	<u>26,381,564</u>
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	-	5,520,963	-	5,520,963
Funds Held for Others	-	12,311,459	-	12,311,459
Deferred Compensation	642,051	-	-	642,051
Deferred Revenue, Net of Current Portion	2,079,043	-	-	2,079,043
Lease Liability, Net of Current Portion	1,153,567	-	-	1,153,567
Grants Payable, Net of Current Portion	-	2,956,113	-	2,956,113
Total Long-Term Liabilities	<u>3,874,661</u>	<u>20,788,535</u>	<u>-</u>	<u>24,663,196</u>
Total Liabilities	17,841,328	36,096,987	(2,893,555)	51,044,760
NET ASSETS				
Without Donor Restrictions	19,820,927	93,810,159	-	113,631,086
With Donor Restrictions	372,163	2,933,539	-	3,305,702
Total Net Assets	<u>20,193,090</u>	<u>96,743,698</u>	<u>-</u>	<u>116,936,788</u>
Total Liabilities and Net Assets	<u>\$ 38,034,418</u>	<u>\$ 132,840,685</u>	<u>\$ (2,893,555)</u>	<u>\$ 167,981,548</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 4,411,601	\$ 8,658,925	\$ -	\$ 13,070,526
Grants and Gifts Receivable, Net	-	2,246,249	-	2,246,249
Accounts Receivable, Net	3,712,945	2,265,268	-	5,978,213
Intercompany Receivable	2,011,991	-	(2,011,991)	-
Prepaid Expenses	714,224	724,486	-	1,438,710
Total Current Assets	<u>10,850,761</u>	<u>13,894,928</u>	<u>(2,011,991)</u>	<u>22,733,698</u>
PROPERTY AND EQUIPMENT, NET	422,679	13,675,095	-	14,097,774
OTHER LONG-TERM ASSETS				
Investments	20,539,449	88,570,136	-	109,109,585
Investments Held in Trust	514,726	-	-	514,726
Right-of-Use Asset	1,260,294	-	-	1,260,294
Grants and Gifts Receivable, Net of Current Portion	-	1,116,974	-	1,116,974
Total Other Long-Term Assets	<u>22,314,469</u>	<u>89,687,110</u>	<u>-</u>	<u>112,001,579</u>
Total Assets	<u>\$ 33,587,909</u>	<u>\$ 117,257,133</u>	<u>\$ (2,011,991)</u>	<u>\$ 148,833,051</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,312,424	\$ 642,658	\$ -	\$ 3,955,082
Notes Payable	-	750,000	-	750,000
Grants Payable	-	4,406,000	-	4,406,000
Intercompany Payable	-	2,011,991	(2,011,991)	-
Deferred Revenue	7,243,440	4,425,010	-	11,668,450
Lease Liability	78,440	-	-	78,440
Accrued Expenses	3,134,204	337,479	-	3,471,683
Total Current Liabilities	<u>13,768,508</u>	<u>12,573,138</u>	<u>(2,011,991)</u>	<u>24,329,655</u>
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	-	6,258,819	-	6,258,819
Paycheck Protection Program Loan	1,069,832	-	-	1,069,832
Funds Held for Others	-	10,355,573	-	10,355,573
Deferred Compensation	514,726	-	-	514,726
Deferred Revenue, Net of Current Portion	3,065,625	-	-	3,065,625
Lease Liability, Net of Current Portion	1,261,736	-	-	1,261,736
Grants Payable, Net of Current Portion	-	3,831,897	-	3,831,897
Total Long-Term Liabilities	<u>5,911,919</u>	<u>20,446,289</u>	<u>-</u>	<u>26,358,208</u>
Total Liabilities	19,680,427	33,019,427	(2,011,991)	50,687,863
NET ASSETS				
Without Donor Restrictions	13,521,237	83,945,375	-	97,466,612
With Donor Restrictions	386,245	292,331	-	678,576
Total Net Assets	<u>13,907,482</u>	<u>84,237,706</u>	<u>-</u>	<u>98,145,188</u>
Total Liabilities and Net Assets	<u>\$ 33,587,909</u>	<u>\$ 117,257,133</u>	<u>\$ (2,011,991)</u>	<u>\$ 148,833,051</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUE				
Royalties	\$ 14,581,313	\$ 2,411,678	\$ -	\$ 16,992,991
Membership	9,885,260	1,580,000	-	11,465,260
Conference and Educational Fees	93,350	17,441,991	(54,000)	17,481,341
Grants and Gifts	20,000	10,093,427	-	10,113,427
Product Sales	126,165	368,690	-	494,855
Publishing Fees	7,791,652	-	-	7,791,652
Management and Service Fees	3,846,227	1,514,062	(4,950,852)	409,437
Insurance Proceeds	-	98,497	-	98,497
ERC Funding	37,418	10,477	(10,477)	37,418
Other	58,167	520,671	-	578,838
Investment Income	304,710	476,470	-	781,180
Net Assets Released from Restrictions	301,000	3,500	-	304,500
Total Support and Revenue	<u>37,045,262</u>	<u>34,519,463</u>	<u>(5,015,329)</u>	<u>66,549,396</u>
EXPENSES				
Program Expenses:				
Grants and Awards	37,310	4,116,911	-	4,154,221
Clinical Practice	-	3,337,081	-	3,337,081
Membership	8,296,281	345,547	-	8,641,828
Education	2,213,366	22,342,348	-	24,555,714
Publications	6,801,860	-	-	6,801,860
Advocacy	5,569,386	474,906	-	6,044,292
Total Program Expenses	<u>22,918,203</u>	<u>30,616,793</u>	<u>-</u>	<u>53,534,996</u>
Support Services:				
General and Administrative	10,788,606	5,283,291	(5,015,329)	11,056,568
Total Support Service Expenses	<u>10,788,606</u>	<u>5,283,291</u>	<u>(5,015,329)</u>	<u>11,056,568</u>
Total Expenses	<u>33,706,809</u>	<u>35,900,084</u>	<u>(5,015,329)</u>	<u>64,591,564</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NONOPERATING INVESTMENT INCOME				
	3,338,453	(1,380,621)	-	1,957,832
Nonoperating Investment Income	<u>2,961,237</u>	<u>11,245,405</u>	<u>-</u>	<u>14,206,642</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	6,299,690	9,864,784	-	16,164,474
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Grants and Gifts	286,918	2,571,665	-	2,858,583
Investment Income	-	73,043	-	73,043
Net Assets Released From Restrictions	<u>(301,000)</u>	<u>(3,500)</u>	<u>-</u>	<u>(304,500)</u>
Change in Net Assets With Donor Restrictions	<u>(14,082)</u>	<u>2,641,208</u>	<u>-</u>	<u>2,627,126</u>
TOTAL CHANGE IN NET ASSETS				
	6,285,608	12,505,992	-	18,791,600
Net Assets - Beginning of Year	<u>13,907,482</u>	<u>84,237,706</u>	<u>-</u>	<u>98,145,188</u>
NET ASSETS - END OF YEAR	<u>\$ 20,193,090</u>	<u>\$ 96,743,698</u>	<u>\$ -</u>	<u>\$ 116,936,788</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
SUPPORT AND REVENUE				
Royalties	\$ 11,266,265	\$ 5,478,992	\$ -	\$ 16,745,257
Membership	9,400,915	1,690,000	-	11,090,915
Conference and Educational Fees	47,040	13,162,160	-	13,209,200
Grants and Gifts	-	12,976,302	-	12,976,302
Product Sales	229,066	96,000	-	325,066
Publishing Fees	7,307,755	-	-	7,307,755
Management and Service Fees	3,928,628	1,574,730	(5,139,166)	364,192
Insurance Proceeds	-	1,403,024	-	1,403,024
ERC Funding	2,639,552	740,521	(740,521)	2,639,552
Other	53,634	519,099	-	572,733
Investment Income	29,410	2,385	-	31,795
Net Assets Released From Restrictions	304,500	4,500	-	309,000
Total Support and Revenue	<u>35,206,765</u>	<u>37,647,713</u>	<u>(5,879,687)</u>	<u>66,974,791</u>
EXPENSES				
Program Expenses:				
Grants and Awards	46,629	8,432,861	-	8,479,490
Clinical Practice	-	3,788,124	-	3,788,124
Membership	8,232,374	441,022	-	8,673,396
Education	1,659,844	19,623,512	-	21,283,356
Publications	6,288,275	-	-	6,288,275
Advocacy	5,346,629	448,296	-	5,794,925
Total Program Expenses	<u>21,573,751</u>	<u>32,733,815</u>	<u>-</u>	<u>54,307,566</u>
Support Services:				
General and Administrative	11,708,581	4,159,621	(5,879,687)	9,988,515
Total Expenses	<u>33,282,332</u>	<u>36,893,436</u>	<u>(5,879,687)</u>	<u>64,296,081</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NONOPERATING INVESTMENT INCOME	1,924,433	754,277	-	2,678,710
Nonoperating Investment Income	<u>(3,157,227)</u>	<u>(12,249,149)</u>	<u>-</u>	<u>(15,406,376)</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,232,794)	(11,494,872)	-	(12,727,666)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Grants and Gifts	271,409	-	-	271,409
Investment Income	-	(43,613)	-	(43,613)
Net Assets Released From Restrictions	<u>(304,500)</u>	<u>(4,500)</u>	<u>-</u>	<u>(309,000)</u>
Change in Net Assets With Donor Restrictions	<u>(33,091)</u>	<u>(48,113)</u>	<u>-</u>	<u>(81,204)</u>
TOTAL CHANGE IN NET ASSETS	(1,265,885)	(11,542,985)	-	(12,808,870)
Net Assets - Beginning of Year	<u>15,173,367</u>	<u>95,780,691</u>	<u>-</u>	<u>110,954,058</u>
NET ASSETS - END OF YEAR	<u>\$ 13,907,482</u>	<u>\$ 84,237,706</u>	<u>\$ -</u>	<u>\$ 98,145,188</u>



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