

# **Infectious Diseases Society of America and Affiliate**

Consolidated Financial Report  
December 31, 2019

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RSM US LLP

## Independent Auditor's Report

Board of Directors  
Infectious Diseases Society of America

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Infectious Diseases Society of America and Affiliate (the Organization), which comprise the consolidated statement of financial position as of December 31, 2019, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infectious Diseases Society of America and Affiliate as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The financial statements of Infectious Diseases Society of America and Affiliate, as of and for the year ended December 31, 2018, were audited by other auditors, whose report, dated May 24, 2019, expressed an unmodified opinion on those financial statements.

*RSM US LLP*

Washington, D.C.  
August 18, 2020

Infectious Diseases Society of America and Affiliate

Consolidated Statements of Financial Position  
December 31, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 812,199	\$ 1,692,306
Investments	38,375,648	34,208,789
Accounts receivable	2,442,757	2,508,917
Due from SHEA	-	162,023
Due from PIDS	3,688	87,240
Prepaid expenses	856,460	347,009
Deferred compensation plan assets	63,791	30,240
Property and equipment, net	1,959,386	1,121,340
Deposits	136,454	57,733
	<u>44,650,383</u>	<u>40,215,597</u>
<b>Total assets</b>	<b>\$ 44,650,383</b>	<b>\$ 40,215,597</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,072,027	\$ 1,817,347
Due to SHEA	133,761	-
Deferred compensation plan liabilities	63,791	30,240
Deferred revenue	2,369,465	4,760,034
Deferred rent	1,072,563	127,463
	<u>5,711,607</u>	<u>6,735,084</u>
<b>Total liabilities</b>	<b>5,711,607</b>	<b>6,735,084</b>
Commitments and contingencies (Note 10)		
Net assets:		
Without donor restrictions	38,770,520	33,385,787
With donor restrictions	168,256	94,726
	<u>38,938,776</u>	<u>33,480,513</u>
<b>Total net assets</b>	<b>38,938,776</b>	<b>33,480,513</b>
	<u>44,650,383</u>	<u>40,215,597</u>
<b>Total liabilities and net assets</b>	<b>\$ 44,650,383</b>	<b>\$ 40,215,597</b>

See notes to consolidated financial statements.

## Infectious Diseases Society of America and Affiliate

### Consolidated Statements of Activities Years Ended December 31, 2019 and 2018

	2019	2018
Activities without donor restrictions:		
Revenue and support:		
IDWeek annual meeting	\$ 10,748,779	\$ 10,309,130
Journals	7,258,982	6,932,113
Membership	3,343,785	2,991,307
Management services	1,435,761	1,467,329
Contributions	1,247,586	1,232,764
Interest and dividends	864,034	865,009
Education programs	460,517	358,025
Emerging infections network	265,524	337,426
Awards and fellowships	314,237	253,232
Other income	277,010	36,392
HIVMA	12,500	-
Net assets released from restrictions	3,601	82,458
<b>Total revenue and support</b>	<b>26,232,316</b>	<b>24,865,185</b>
Expenses:		
Program services:		
IDWeek annual meeting	7,068,583	6,772,294
Other committees and groups	2,348,181	2,479,332
Journals	2,467,324	2,371,815
Membership	1,157,114	1,567,403
Management services	1,465,316	1,527,634
HIVMA	1,104,053	1,235,390
Guidelines development	1,144,766	1,030,444
Awards and fellowships	1,293,786	813,404
Policy and government relations	766,985	756,721
Other meetings	667,613	591,143
Emerging infections network	268,732	341,027
Education programs	278,900	275,323
Centers of excellence	198,656	266,997
Global health	175,085	179,416
Leadership institute	201,998	161,019
<b>Total program services</b>	<b>20,607,092</b>	<b>20,369,362</b>
Supporting services:		
Governance	1,705,375	1,521,225
General and administrative	3,137,479	1,751,920
<b>Total supporting services</b>	<b>4,842,854</b>	<b>3,273,145</b>
<b>Total expenses</b>	<b>25,449,946</b>	<b>23,642,507</b>
<b>Change in net assets without donor restrictions before investment income (loss)</b>	<b>782,370</b>	<b>1,222,678</b>
Gain (loss) on investments	4,602,363	(2,614,798)
<b>Change in net assets without donor restrictions</b>	<b>5,384,733</b>	<b>(1,392,120)</b>
Activities with donor restrictions:		
Contributions	77,131	-
Net assets released from restrictions	(3,601)	(82,458)
<b>Change in net assets with donor restrictions</b>	<b>73,530</b>	<b>(82,458)</b>
<b>Change in net assets</b>	<b>5,458,263</b>	<b>(1,474,578)</b>
Net assets:		
Beginning	33,480,513	34,955,091
Ending	<b>\$ 38,938,776</b>	<b>\$ 33,480,513</b>

See notes to consolidated financial statements.

**Infectious Diseases Society of America and Affiliate**

**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2019 and 2018**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 5,458,263	\$ (1,474,578)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	245,323	145,273
Net (gain) loss on investments	(4,740,924)	2,468,696
Changes in assets and liabilities:		
(Increase) decrease:		
Accounts receivable	66,160	(521,815)
Prepaid expenses	(509,451)	114,736
Due from SHEA	162,023	97,277
Due from PIDS	83,552	(26,944)
Deposits	(78,721)	-
Increase (decrease):		
Accounts payable and accrued expenses	254,680	(193,760)
Due to SHEA	133,761	-
Deferred revenue	(2,390,569)	189,254
Deferred rent	945,100	(55,023)
<b>Net cash (used in) provided by operating activities</b>	<b>(370,803)</b>	<b>743,116</b>
Cash flows from investing activities:		
Proceeds from sales of investments	30,403,867	15,151,715
Purchases of investments	(29,829,802)	(15,108,341)
Purchases of property and equipment	(1,083,369)	(374,101)
<b>Net cash used in investing activities</b>	<b>(509,304)</b>	<b>(330,727)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(880,107)</b>	<b>412,389</b>
Cash and cash equivalents:		
Beginning	1,692,306	1,279,917
Ending	<b>\$ 812,199</b>	<b>\$ 1,692,306</b>

See notes to consolidated financial statements.

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Infectious Diseases Society of America (IDSA) was incorporated in 1970 under the laws of the District of Columbia as a nonprofit corporation. IDSA is an organization of physicians, doctoral-level scientists and other healthcare professionals from around the world. It exists to promote and recognize excellence in research, patient care, public health, disease prevention and education in the field of infectious diseases and associated disciplines.

IDSA Education and Research Foundation (the Foundation) was incorporated in 2001 under the laws of the state of Virginia as a nonprofit corporation. The Foundation is a charitable organization dedicated to supporting IDSA's education and research mission worldwide. On October 3, 2017, the Board of Directors voted to change the name of the organization to the IDSA Foundation. In February 2018, the Foundation filed with the state of Virginia to register a trade name of IDSA Foundation, as an alternative to a legal name change.

A summary of the Organization's significant accounting policies follows:

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

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

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

**Use of estimates:** The preparation of the 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 and disclosures. Accordingly, actual results could differ from estimates.

**Basis of presentation:** The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topic of the FASB Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net assets without donor restrictions:** Represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations.

**Net assets with donor restrictions:** Represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified purposes.

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Cash and cash equivalents:** For financial statement purposes, the Organization considers all highly liquid investments purchased with a maturity of three months or less that are not held by investment custodians to be cash equivalents. The Organization maintains demand deposit accounts with commercial banks which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

**Investments:** Investments are carried at fair value. To adjust the carrying value of these investments, the change in fair market value is recorded as a component of investment income in the consolidated statement of activities. The Organization invests funds in a professionally managed portfolio. Such investments are exposed to market and credit risks. Thus, the Organization's investments may be subject to significant fluctuation in fair value. As a result, the investment balances reported in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

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

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

**Valuation of long-lived assets:** The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

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

**Deferred rent:** IDSA received certain incentives in connection with the leases, described in Note 10, and will be amortized over the lease term on a straight-line basis. The unamortized portions of these incentives are reported as deferred rent in the consolidated statements of financial position.

**Contributions:** The Organization recognizes unconditional contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions, for which there is a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period.

**Revenue:** Receipts for membership dues, journal royalties and editorial support, and meeting fees are recognized as revenue over the period to which they relate. Education programs receipts are recognized upon substantial completion of the program.

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Functional expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs, such as salaries and benefits, office expense, event and travel, professional fees, grants and award and depreciation, have been allocated among the programs and supporting services, primarily based on employee efforts.

**Recently adopted accounting standards:** In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is a resource provider, the ASU is effective for the Organization's fiscal year beginning January 1, 2020. The adoption of ASU 2018-08, where the Organization is a resource provider, is not expected to have a material impact on the Organization's consolidated financial statements. Where the Organization is a resource recipient, the ASU was adopted during the current year and did not have a material impact on the consolidated financial statements.

**Recent accounting pronouncements:** In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018, and in June 2020, the FASB issued ASU 2020-05, which further defers the effective date to annual reporting periods beginning after December 15, 2019 for nonprofit entities that have not yet issued financial statements. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The effective date of the new standard for the Institute has been extended for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

**Reclassification:** Certain reclassifications have been made to the balances for the year ended December 31, 2018, with no effect on net assets or the change in net assets, to be consistent with the classification for the year ended December 31, 2019.

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Information Regarding Liquidity and Availability

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

	2019	2018
Cash and cash equivalents	\$ 812,199	\$ 1,692,306
Investments	38,375,648	34,208,789
Accounts receivable	2,442,757	2,508,917
Due from SHEA	-	162,023
Due from PIDS	3,688	87,240
	<u>41,634,292</u>	<u>38,659,275</u>
Less donor restricted funds	168,256	94,726
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 41,466,036</u>	<u>\$ 38,564,549</u>

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

As part of its liquidity management, the Organization's policy is to maintain an investment fund reserve equal to 50% of the annual operating budget, plus the total current liabilities of the Organization. A maximum of 35% of the Organization's annual operating budget is held in bank accounts or short-term investments accrued from accumulated operating surplus.

#### Note 3. Investments

Investments consist of the following at December 31:

	2019	2018
Money market funds	\$ 3,074,795	\$ 2,140,146
Certificates of deposit	1,888,702	4,775,417
Fixed income funds	12,148,865	10,957,606
Equity funds	21,263,286	16,335,620
	<u>\$ 38,375,648</u>	<u>\$ 34,208,789</u>

#### Note 4. Fair Value Measurements

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

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

**Level 2:** Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data. Such inputs may be the underlying market values of traded equities in an investment that is not itself traded on the market.

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

#### Note 4. Fair Value Measurements (Continued)

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

Fair values of assets and liabilities measured on a recurring basis were as follows at December 31:

	2019			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 3,074,795	\$ 3,074,795	\$ -	\$ -
Certificates of deposit	1,888,702	-	1,888,702	-
Fixed income funds:				
Short-term	2,956,614	2,956,614	-	-
Intermediate term	5,470,946	5,470,946	-	-
Long-term	2,252,498	2,252,498	-	-
Preferred securities	229,188	229,188	-	-
International	1,239,619	1,239,619	-	-
Total fixed income funds	12,148,865	12,148,865	-	-
Equity funds:				
Mid cap	1,170,338	1,170,338	-	-
Large cap	16,014,564	16,014,564	-	-
International	4,078,384	4,078,384	-	-
Total equity funds	21,263,286	21,263,286	-	-
Total investment portfolio	38,375,648	36,486,946	1,888,702	-
Assets held to fund deferred compensation:				
Money market funds	14,825	14,825	-	-
Small cap	17,612	17,612	-	-
Large cap	17,736	17,736	-	-
International	13,618	13,618	-	-
Total assets held for deferred compensation	63,791	63,791	-	-
Total assets at fair value	\$ 38,439,439	\$ 36,550,737	\$ 1,888,702	\$ -
Deferred compensation liability	\$ 57,711	\$ -	\$ 57,711	\$ -

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

#### Note 4. Fair Value Measurements (Continued)

	2018			
	Total	Level 1	Level 2	Level 3
Money market funds	\$ 2,140,146	\$ 2,140,146	\$ -	\$ -
Certificates of deposit	4,775,417	-	4,775,417	-
Fixed income funds:				
Short-term	1,971,636	1,971,636	-	-
Intermediate term	5,819,241	5,819,241	-	-
Long-term	2,184,762	2,184,762	-	-
Preferred securities	215,507	215,507	-	-
International	766,460	766,460	-	-
Total fixed income funds	10,957,606	10,957,606	-	-
Equity funds:				
Small cap	676,505	676,505	-	-
Mid cap	348,292	348,292	-	-
Large cap	9,677,977	9,677,977	-	-
International	5,632,846	5,632,846	-	-
Total equity funds	16,335,620	16,335,620	-	-
Total investment portfolio	34,208,789	29,433,372	4,775,417	-
Assets held to fund deferred compensation:				
Small cap	4,340	4,340	-	-
Mid cap	7,389	7,389	-	-
Large cap	14,463	14,463	-	-
International	4,048	4,048	-	-
Total assets held for deferred compensation	30,240	30,240	-	-
Total assets at fair value	\$ 34,239,029	\$ 29,463,612	\$ 4,775,417	\$ -
Deferred compensation liability	\$ 30,240	\$ -	\$ 30,240	\$ -

#### Note 5. Property and Equipment, Net

Property and equipment, net consist of the following at December 31:

	2019	2018
Furniture and equipment	\$ 454,648	\$ 491,808
Software	1,375,758	1,320,435
Leasehold improvements	28,330	28,330
Work-in-progress	1,040,452	12,407
	2,899,188	1,852,980
Less accumulated depreciation and amortization	(939,802)	(731,640)
	\$ 1,959,386	\$ 1,121,340

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

#### Note 6. Net Assets With Donor Restrictions

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

	December 31, 2018	Contributions	Release From Restrictions	December 31, 2019
CW Clinician Awards	\$ 84,311	\$ -	\$ -	\$ 84,311
Korzenowski Overseas Mission	6,814	-	-	6,814
Moellering Trainee Travel Grants	3,601	47,601	(3,601)	47,601
HIVMA Clinical Fellowship Program	-	29,530	-	29,530
	<u>\$ 94,726</u>	<u>\$ 77,131</u>	<u>\$ (3,601)</u>	<u>\$ 168,256</u>

  

	December 31, 2017	Contributions	Release From Restrictions	December 31, 2018
CW Clinician Awards	\$ 85,811	\$ -	\$ (1,500)	\$ 84,311
Korzenowski Overseas Mission	6,814	-	-	6,814
Moellering Trainee Travel Grants	7,351	-	(3,750)	3,601
Joint Research Awards	60,000	-	(60,000)	-
HIVMA Clinical Fellowship Program	17,208	-	(17,208)	-
	<u>\$ 177,184</u>	<u>\$ -</u>	<u>\$ (82,458)</u>	<u>\$ 94,726</u>

#### Note 7. Journals

The Organization entered into an agreement effective January 2011 for 10 years that expires in December 2020, with Oxford University Press to publish *The Journal of Infectious Diseases* and the journal entitled *Clinical Infectious Diseases*. In 2014, IDSA and Oxford University Press launched a new open access journal, *Open Forum Infectious Diseases*. For the years ended December 31, 2019 and 2018, royalties earned from the Oxford University Press totaled \$7,258,982 and \$6,932,113, respectively.

#### Note 8. Related Party Transactions

**The Society for Healthcare Epidemiology of America, Inc. (SHEA):** In January 2014, IDSA entered into an agreement with SHEA, a nonprofit corporation exempt under Section 501(c) (6) of the IRC, to continue to provide facilities and management and administrative services through 2016. In January 2017, IDSA extended their agreement with SHEA through 2019. As of report date, the agreement is in negotiation and is being exercised on a month to month basis under the terms of the agreement that expired in 2019. SHEA reimburses IDSA at cost for all salary and benefits of the SHEA professional staff paid by IDSA and an allocation of overhead from IDSA's offices. Total revenue related to these services for the years ended December 31, 2019 and 2018, totaled \$1,139,932 and \$1,182,355, respectively. Due to operations and ID Week royalties (see below), SHEA owed IDSA \$0 and \$162,023 and IDSA owed SHEA \$133,761 and \$0 as of December 31, 2019 and 2018, respectively.

## **Infectious Diseases Society of America and Affiliate**

### **Notes to Consolidated Financial Statements**

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#### **Note 8. Related Party Transactions (Continued)**

**Pediatric Infectious Diseases Society (PIDS):** Effective September 1, 1998, IDSA entered into an agreement with PIDS, a nonprofit organization exempt under Section 501(c) (6) of the IRC, to provide facilities and management and administrative services. PIDS reimburses IDSA at cost for all salary and benefits of the PIDS professional staff paid by IDSA and a fixed management fee. Total revenue related to these services for the years ended December 31, 2019 and 2018, totaled \$295,829 and \$284,974, respectively. Due to operations and ID Week royalties (see below), PIDS owed IDSA \$3,688 and \$87,240 as of December 31, 2019 and 2018, respectively.

**IDWeek:** SHEA and IDSA an agreement to co-host the IDWeek annual meeting, with the agreement expiring in 2024. PIDS also signed an agreement to be a co-organizer of the event. Based on the agreements and net profits from the event, SHEA and PIDS royalties for the year ended December 31, 2019, totaled \$781,126 and \$223,308, respectively. For the year ended December 31, 2018, SHEA and PIDS royalties totaled \$705,510 and \$202,182, respectively.

#### **Note 9. Retirement Plans**

**401(k) retirement plan:** Beginning January 1, 2017, employees are eligible to participate in the Organization's 401(k) plan on the first day of employment. The Organization provided a contribution equal to 3.5% of the employee's annual salary for the years ended December 31, 2019 and 2018, with immediate vesting. In addition, the employee may contribute to the plan and the Organization will match up to 2% of the employee's compensation, or up to the limits of the law, with a vesting period of three years. The Organization's contributions to the plan totaled \$311,136 and \$269,233 for the years ended December 31, 2019 and 2018, respectively.

**457(b) retirement plan:** During 2017, the Organization established under Section 457(b) of the IRC, a deferred compensation plan available to eligible employees. Eligible employees earn 10% of the participants' salary, less any contribution to the 401(k) plan and subject to statutory limits. Expenses related to the Plan were \$1 and \$18,059 for the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, the investments totaled \$57,711 and \$30,240, respectively, and associated liability totaled \$57,711 and \$30,240, respectively.

**457(f) retirement plan:** During 2019, the Organization established under Section 457(f) of the IRC, a deferred compensation plan for the benefit of the Chief Executive Officer (the participant). The Organization will allocate to the deferred compensation account within 30 days following the end of each contract year an amount equal to 10% of the participant's salary excluding bonuses, less any Organization contributions to the 401(k) and the 457(b) plans. The plan shall provide for the participant to be fully vested after five years of employment or termination due to death, disability or involuntary termination without cause prior to vesting date. During the year ended December 31, 2019, the expense related to the 457(f) deferred compensation plan was \$5,766. At December 31, 2019, there was \$6,080 that was accrued for and included in the deferred compensation liabilities in the accompanying consolidated statement of financial position.

#### **Note 10. Commitments and Contingencies**

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

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 10. Commitments and Contingencies (Continued)

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

**Operating leases:** In March 2014, IDSA had an operating lease for office space in Arlington, Virginia, that terminated in May 2020. The lease provided for base rental payments which increased at 3% annually and additional rent for operating expenses.

In April 2019, IDSA signed an operating lease for new office space in Arlington, Virginia, which commenced in March 2020 and runs until April 2032. The lease provides for base rental payments which increase at 2.75% annually and additional rent for operating expenses. In addition, the Organization received a rental abatement until May 2021. Rent expense was recognized on a straight-line basis over the term of the March 2014 lease and totaled \$946,227 and \$935,813 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments are as follows:

Years ending December 31:	
2020	\$ 429,900
2021	647,100
2022	988,400
2023	1,015,600
2024	1,043,500
Thereafter	8,578,600
	<u>\$ 12,703,100</u>

**Litigation:** In November 2017, 26 plaintiffs filed a complaint in Texas against IDSA, several health insurance companies and several doctors, some of whom are or were IDSA members. Plaintiffs alleged antitrust and RICO claims against the defendants. IDSA's counsel filed a motion to dismiss for failure to state a claim as to IDSA and the doctors, and for lack of personal jurisdiction as to the doctors. The insurance company defendants filed a separate Motion to Dismiss for failure to state a claim, which IDSA and the doctors joined. The Court dismissed plaintiff's RICO claims and fraudulent concealment allegations, but gave the plaintiffs leave to file an amended complaint to attempt to amend those claims and allegations. The Court did not dismiss the plaintiffs' antitrust claims.

On March 25, 2019, 24 plaintiffs filed an amended complaint. The defendants filed a motion to dismiss the amended complaint in its entirety on April 9, 2019. On July 24, 2019, the Court entered an order of dismissal with prejudice of five plaintiffs.

On November 12, 2019, a mediation involving all parties was held. Over the next several months, six of the insurance company defendants filed joint notices with plaintiffs that they had reached agreements in principle.

On February 10, 2020, the Court denied defendant's motion to dismiss the antitrust claims; granted defendant's motion to dismiss the plaintiffs' fraudulent concealment claims, and denied the doctors' motion to dismiss for lack of personal jurisdiction.

On March 27, 2020, the Court issued a revised case schedule and a trial was set for the fall of 2021.

## Infectious Diseases Society of America and Affiliate

### Notes to Consolidated Financial Statements

#### Note 10. Commitments and Contingencies (Continued)

Employment agreement: The Organization has an employment agreement with its Chief Executive Officer. Under the terms of the agreement, should the Organization terminate employment, the Organization would be obligated to pay a severance as stipulated in the agreement.

#### Note 11. Functional Expenses

Certain program services are broken out into classes of programs within the consolidated statements of activities. As such, within the tables below meetings are comprised of annual meetings and other meetings, member services are comprised of other committees and groups, journals, membership, HIVMA, guidelines development, awards and fellowships, policy and government relations, emerging infections network, and global health and education is comprised of education programs, centers of excellence, and leadership institute. Functional expenses disaggregated by natural expense consisted of the following for the years ended December 31, 2019 and 2018:

	2019								
	Program Services				Supporting Services				
	Meetings	Member Services	Management Services	Education	Total Program Services	Governance	General and Administrative	Total Supporting Services	Total
Salaries and benefits	\$ 1,109,024	\$ 3,593,607	\$ 1,173,567	\$ 312,332	\$ 6,188,530	\$ 888,447	\$ 1,703,050	\$ 2,591,497	\$ 8,780,027
Office expense	1,726,746	2,174,582	220,899	73,683	4,195,910	257,344	918,445	1,175,789	5,371,699
Event and travel	3,135,379	734,869	-	34,981	3,905,229	333,479	137,947	471,426	4,376,655
Professional fees	1,417,501	2,860,019	53,271	248,190	4,578,981	197,435	351,610	549,045	5,128,026
Grant and award	297,548	1,250,668	-	-	1,548,216	-	-	-	1,548,216
Depreciation and amortization	49,998	112,281	17,579	10,368	190,226	28,670	26,427	55,097	245,323
Total	<u>\$ 7,736,196</u>	<u>\$ 10,726,026</u>	<u>\$ 1,465,316</u>	<u>\$ 679,554</u>	<u>\$ 20,607,092</u>	<u>\$ 1,705,375</u>	<u>\$ 3,137,479</u>	<u>\$ 4,842,854</u>	<u>\$ 25,449,946</u>
	2018								
	Program Services				Supporting Services				
	Meetings	Member Services	Management Services	Education	Total Program Services	Governance	General and Administrative	Total Supporting Services	Total
Salaries and benefits	\$ 985,126	\$ 3,787,271	\$ 1,167,737	\$ 290,954	\$ 6,231,088	\$ 750,702	\$ 786,769	\$ 1,537,471	\$ 7,768,559
Office expense	1,558,148	2,681,852	300,533	113,446	4,653,979	314,213	575,722	889,935	5,543,914
Event and travel	3,172,648	745,008	-	28,702	3,946,358	293,217	173,590	466,807	4,413,165
Professional fees	1,317,946	2,665,299	48,171	263,259	4,294,675	146,195	213,797	359,992	4,654,667
Grant and award	306,116	810,813	-	-	1,116,929	-	-	-	1,116,929
Depreciation and amortization	23,453	84,709	11,193	6,978	126,333	16,898	2,042	18,940	145,273
Total	<u>\$ 7,363,437</u>	<u>\$ 10,774,952</u>	<u>\$ 1,527,634</u>	<u>\$ 703,339</u>	<u>\$ 20,369,362</u>	<u>\$ 1,521,225</u>	<u>\$ 1,751,920</u>	<u>\$ 3,273,145</u>	<u>\$ 23,642,507</u>

## **Infectious Diseases Society of America and Affiliate**

### **Notes to Consolidated Financial Statements**

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#### **Note 12. Subsequent Events**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a Public Health Emergency of International Concern and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

As of the report date, the Organization has had to cancel a number of meetings that took place in May and June 2020. Additionally, IDSA significantly cut back on travel and meeting expenses, which resulted in significant savings across all departments. The extent to which the coronavirus impacts the Organization's results will depend on further developments, which are highly uncertain and cannot be predicted.

In May 2020, IDSA was awarded a \$1.1 million contract from the Centers for Disease Control and Prevention to provide assistance to their clinician help line and also to create a learning network for clinicians in response to the coronavirus outbreak.

Management has evaluated subsequent events through August 18, 2020, the date on which the consolidated financial statements were available to be issued, in preparing the consolidated financial statements, and notes thereto, for the year ended December 31, 2019.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

Board of Directors  
Infectious Diseases Society of America

We have audited the consolidated financial statements of Infectious Diseases Society of America and Affiliate (the Organization) as of and for the year ended December 31, 2019, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual entities and is not a required part of the 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 consolidating 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*RSM US LLP*

Washington, D.C.  
August 18, 2020

**Infectious Diseases Society of America and Affiliate**

**Consolidating Statement of Financial Position  
December 31, 2019**

	IDSA	Foundation	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 622,617	\$ 189,582	\$ -	\$ 812,199
Investments	37,553,925	821,723	-	38,375,648
Accounts receivable	2,392,757	50,000	-	2,442,757
Due from Foundation	1,043,461	-	(1,043,461)	-
Due from PIDS	3,688	-	-	3,688
Prepaid expenses	851,460	5,000	-	856,460
Deferred compensation plan assets	63,791	-	-	63,791
Property and equipment, net	1,959,386	-	-	1,959,386
Deposits	136,454	-	-	136,454
<b>Total assets</b>	<b>\$ 44,627,539</b>	<b>\$ 1,066,305</b>	<b>\$ (1,043,461)</b>	<b>\$ 44,650,383</b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,496,235	\$ 575,792	\$ -	\$ 2,072,027
Due to IDSA	-	1,043,461	(1,043,461)	-
Due to SHEA	133,761	-	-	133,761
Deferred compensation liabilities	63,791	-	-	63,791
Deferred revenue	2,369,465	-	-	2,369,465
Deferred rent	1,072,563	-	-	1,072,563
<b>Total liabilities</b>	<b>5,135,815</b>	<b>1,619,253</b>	<b>(1,043,461)</b>	<b>5,711,607</b>
Net assets (deficit):				
Without donor restrictions	39,491,724	(721,204)	-	38,770,520
With donor restrictions	-	168,256	-	168,256
<b>Total net assets</b>	<b>39,491,724</b>	<b>(552,948)</b>	<b>-</b>	<b>38,938,776</b>
<b>Total liabilities and net assets</b>	<b>\$ 44,627,539</b>	<b>\$ 1,066,305</b>	<b>\$ (1,043,461)</b>	<b>\$ 44,650,383</b>

Infectious Diseases Society of America and Affiliate

Consolidating Statement of Activities  
Year Ended December 31, 2019

	IDSA	Foundation	Eliminations	Total
Activities without donor restrictions:				
Revenue and support:				
IDWeek annual meeting	\$ 10,748,779	\$ -	\$ -	\$ 10,748,779
Journals	7,258,982	-	-	7,258,982
Membership	3,343,785	-	-	3,343,785
Management services	1,435,761	-	-	1,435,761
Contributions	2,200	1,245,386	-	1,247,586
Interest and dividends	851,311	12,723	-	864,034
Education programs	460,517	-	-	460,517
Emerging infections network	265,524	-	-	265,524
Awards and fellowships	314,237	-	-	314,237
Other income	277,010	-	-	277,010
HIVMA	12,500	-	-	12,500
Contributions from IDSA	-	370,613	(370,613)	-
Net assets released from restrictions	-	3,601	-	3,601
<b>Total revenue and support</b>	<b>24,970,606</b>	<b>1,632,323</b>	<b>(370,613)</b>	<b>26,232,316</b>
Expenses:				
Program services:				
IDWeek annual meeting	7,068,583	-	-	7,068,583
Other committees and groups	2,112,017	236,164	-	2,348,181
Journals	2,467,324	-	-	2,467,324
Membership	1,157,114	-	-	1,157,114
Management services	1,465,316	-	-	1,465,316
HIVMA	926,762	177,291	-	1,104,053
Guidelines development	1,144,766	-	-	1,144,766
Awards and fellowships	221,160	1,072,626	-	1,293,786
Policy and government relations	766,985	-	-	766,985
Other meetings	667,613	-	-	667,613
Emerging infections network	268,732	-	-	268,732
Education programs	278,900	-	-	278,900
Centers of excellence	198,656	-	-	198,656
Global health	175,085	-	-	175,085
Leadership institute	201,998	-	-	201,998
Contribution to Foundation	370,613	-	(370,613)	-
<b>Total program services</b>	<b>19,491,624</b>	<b>1,486,081</b>	<b>(370,613)</b>	<b>20,607,092</b>
Supporting services:				
Governance	1,635,891	69,484	-	1,705,375
General and administrative	2,804,856	332,623	-	3,137,479
<b>Total supporting services</b>	<b>4,440,747</b>	<b>402,107</b>	<b>-</b>	<b>4,842,854</b>
<b>Total expense</b>	<b>23,932,371</b>	<b>1,888,188</b>	<b>(370,613)</b>	<b>25,449,946</b>
<b>Change in net assets without donor restrictions before investment income</b>	<b>1,038,235</b>	<b>(255,865)</b>	<b>-</b>	<b>782,370</b>
Gain (loss) on investments	4,602,363	-	-	4,602,363
<b>Change in net assets without donor restrictions</b>	<b>5,640,598</b>	<b>(255,865)</b>	<b>-</b>	<b>5,384,733</b>
Activities with donor restrictions:				
Contributions	-	77,131	-	77,131
Net assets released from restrictions	-	(3,601)	-	(3,601)
<b>Change in net assets with donor restrictions</b>	<b>-</b>	<b>73,530</b>	<b>-</b>	<b>73,530</b>
<b>Change in net assets</b>	<b>5,640,598</b>	<b>(182,335)</b>	<b>-</b>	<b>5,458,263</b>
Net assets (deficit):				
Beginning	33,851,126	(370,613)	-	33,480,513
Ending	\$ 39,491,724	\$ (552,948)	\$ -	\$ 38,938,776