
**American Society of
Health Economists**

**Financial Statements and
Report of Independent Certified
Public Accountants**

December 31, 2013

LSWG

Linton Shafer Warfield & Garrett, P.A.
CERTIFIED PUBLIC ACCOUNTANTS



Linton Shafer Warfield & Garrett, P.A.
Certified Public Accountants & Business Consultants

Report of Independent Certified Public Accountants

To the Board of Directors
American Society of Health Economists

We have audited the accompanying financial statements of the American Society of Health Economists (a non-profit organization), which comprise the statement of assets and net assets – cash basis as of December 31, 2013, and the related statements of support, revenue, and expenses – cash basis, and cash flows for the year then ended, and the related notes to 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity’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 entity’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 assets and net assets of the American Society of Health Economists as of December 31, 2013, and its support, revenue and expenses and cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Linton Shafer Warfield & Garrett

Rockville, Maryland
October 30, 2014

American Society of Health Economists
Statement of Assets and Net Assets - Cash Basis
December 31, 2013

Assets	
Cash and cash equivalents	\$ <u>343,407</u>
Total Assets	\$ <u><u>343,407</u></u>
Liabilities and Net Assets	
Net Assets	
Unrestricted	<u>343,407</u>
Total Net Assets	\$ <u><u>343,407</u></u>

The accompanying notes are an integral part of this statement.

American Society of Health Economists
Statement of Support, Revenue and Expenses - Cash Basis
For the Year Ended December 31, 2013

Support and Revenue:	
Conference and meetings	\$ 129,083
Membership dues	77,130
Advertising	5,218
Luncheons	3,007
Total Support and Revenue	<u>214,438</u>
Expenses:	
Program Services:	
Conference and meetings	75,201
Website	8,450
Total Program Services	<u>83,651</u>
Support Services - General and Administrative:	
Compensation	39,750
Management fees	25,000
Website	7,200
Accounting and legal	4,877
Bank fees	537
Information technology	1,250
Insurance	1,384
License and fees	115
Postage	166
Printing	489
Total General and Administrative	<u>80,768</u>
Total Expenses	<u>164,419</u>
Change in Net Assets	50,019
Net Assets - Beginning of Year	<u>293,388</u>
Net Assets - End of Year	<u>\$ 343,407</u>

The accompanying notes are an integral part of this statement.

American Society of Health Economists
Statement of Cash Flows
For the Year Ended December 31, 2013

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows From Operating Activities:

Change in net assets	\$ 50,019
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	<u> -</u>
 Net cash provided by operating activities	 <u> 50,019</u>
 Net Increase in Cash and Cash Equivalents	 50,019
Cash and Cash Equivalents at Beginning of Year	<u>293,388</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 343,407</u></u>

Supplemental data

Interest paid	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

American Society of Health Economists
Notes to the Financial Statements
December 31, 2013

1. Nature of Organization and Summary of Significant Accounting Policies

The American Society of Health Economists (the Organization) is a not-for-profit association organized under the laws of the State of Illinois dedicated to promoting excellence in health economics research in the United States. The Organization provides a forum for emerging ideas and empirical results of health economics research. Through a set of professional activities, the Organization aims to advance health economics research in the United States, to achieve widespread recognition for the field of health economics and to enhance individual and societal health by providing evidence and expertise for the development of private and public policies.

Basis of Accounting - The financial statements of the Organization are presented on the cash basis of accounting, whereby revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when incurred.

Basis of Presentation - The financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization currently does not have any temporarily restricted net assets.

Permanently Restricted Net Assets - net assets subject to donor imposed stipulations that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization currently has no permanently restricted net assets.

Cash and Cash Equivalents - The Organization considers cash on hand, cash in banks, and investments with maturities of less than ninety days to be cash equivalents.

Restricted and Unrestricted Revenue - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

American Society of Health Economists
Notes to the Financial Statements
December 31, 2013

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Restricted and Unrestricted Revenue – (continued)

All donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Membership dues are accounted for as a contribution in the year received.

Income Taxes - The Organization is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, the Organization is exempt from income taxes with the exception of taxes on unrelated business income. The Organization has not received any notice from the Internal Revenue Service that would jeopardize its tax exempt status. There was no unrelated business income, and thus, no income taxes paid for the year ended December 31, 2013.

The Organization adopted the recognition requirements for uncertain income tax provisions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at December 31, 2013.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2010.

Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on records kept by the Organization's staff.

American Society of Health Economists
Notes to the Financial Statements
December 31, 2013

1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates - The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Concentration of Credit Risk

The Organization maintains its cash balance at one financial institution. The checking account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The account balance may, at times, exceed this limit. At December 31, 2013 this account balance is \$98,207 in excess of the FDIC limit. The Organization has not experienced any losses on such account and believes it is not exposed to any significant credit risk on cash.

3. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 30, 2014, the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.