

**Audited Consolidating Financial Statements**

**INFECTIOUS DISEASES SOCIETY  
OF AMERICA AND AFFILIATE**

*December 31, 2017*

# Infectious Diseases Society of America and Affiliate

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# Independent Auditor's Report

To the Board of Directors  
Infectious Diseases Society of America and Affiliate

We have audited the accompanying consolidating financial statements of Infectious Diseases Society of America and Affiliate (collectively referred to as the Organization) which comprise the consolidating statement of financial position as of December 31, 2017, and the related consolidating statements of activities and cash flows for the year then ended, and the related notes to the consolidating financial statements.

## Management's Responsibility for the Consolidating Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 2017 consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Infectious Diseases Society of America and Affiliate as of December 31, 2017, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Summarized Comparative Information

We have previously audited the Organization's 2016 consolidating financial statements, and our report dated May 15, 2017, expressed an unmodified opinion on those consolidating financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

Washington, DC  
May 14, 2018

# Infectious Diseases Society of America and Affiliate

## Consolidating Statement of Financial Position December 31, 2017 with 2016 Totals

	2017				2016
	IDSA	Foundation	Eliminations	Total	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 982,747	\$ 297,170	\$ -	\$ 1,279,917	\$ 1,421,747
Investments	36,720,859			36,720,859	31,341,494
Accounts receivable	1,972,102	15,000		1,987,102	2,596,376
Due from Foundation	816,978		(816,978)	-	-
Due from SHEA	259,300			259,300	-
Due from PIDS	60,296			60,296	-
Prepaid expenses	458,252	3,493		461,745	430,408
Deferred compensation plan assets	15,375			15,375	-
Property and equipment, net	892,512			892,512	972,581
Deposits	57,733			57,733	57,733
<b>Total assets</b>	<b>\$ 42,236,154</b>	<b>\$ 315,663</b>	<b>\$ (816,978)</b>	<b>\$ 41,734,839</b>	<b>\$ 36,820,339</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,649,034	\$ 362,073	\$ -	\$ 2,011,107	\$ 1,773,654
Due to IDSA		816,978	(816,978)	-	-
Due to SHEA	-			-	64,020
Due to PIDS	-			-	12,221
Deferred compensation liabilities	15,375			15,375	-
Deferred revenue	4,570,780	-		4,570,780	3,754,729
Deferred rent	182,486			182,486	209,166
<b>Total liabilities</b>	<b>6,417,675</b>	<b>1,179,051</b>	<b>(816,978)</b>	<b>6,779,748</b>	<b>5,813,790</b>
<b>Net assets</b>					
Unrestricted	35,818,479	(1,040,572)		34,777,907	30,769,575
Temporarily restricted	-	177,184		177,184	236,974
<b>Total net assets</b>	<b>35,818,479</b>	<b>(863,388)</b>		<b>34,955,091</b>	<b>31,006,549</b>
<b>Total liabilities and net assets</b>	<b>\$ 42,236,154</b>	<b>\$ 315,663</b>	<b>\$ (816,978)</b>	<b>\$ 41,734,839</b>	<b>\$ 36,820,339</b>

# Infectious Diseases Society of America and Affiliate

## Consolidating Statement of Activities Year Ended December 31, 2017 with 2016 Totals

	2017				2016
	IDSA	Foundation	Eliminations	Total	Total
<b>Unrestricted activities</b>					
Annual meeting	\$ 8,215,641	\$ -	\$ -	\$ 8,215,641	\$ 7,753,042
Journals	6,972,143			6,972,143	6,897,192
Membership	2,910,028			2,910,028	2,703,756
Management services	1,341,628			1,341,628	1,168,460
Interest and Dividends	746,956	4,100		751,056	655,967
Emerging infections network	436,310			436,310	258,324
Other committees and groups	362,080			362,080	442,443
Contributions	1,250	221,964		223,214	226,241
HIVMA	8,274			8,274	22,161
Contribution from IDSA		992,191	(992,191)	-	-
Net assets released from restrictions	-	463,743		463,743	897,723
<b>Total unrestricted revenue and support</b>	<b>20,994,310</b>	<b>1,681,998</b>	<b>(992,191)</b>	<b>21,684,117</b>	<b>21,025,309</b>
<b>Expense</b>					
Program services					
Annual meeting	5,413,017			5,413,017	4,958,122
Journals	2,272,619			2,272,619	2,589,862
Other committees and groups	1,979,724			1,979,724	1,920,754
Membership	1,485,650			1,485,650	1,465,762
Management services	1,410,853			1,410,853	1,208,658
HIVMA	958,168	247,065		1,205,233	1,440,931
Guidelines development	1,083,222			1,083,222	1,013,600
Policy and government relations	772,295			772,295	790,827
Global health	232,674	349,660		582,334	651,916
Other meetings	523,322			523,322	521,721
Emerging infections network	439,839			439,839	261,618
Awards and fellowships	65,578	365,427		431,005	544,012
Education programs	235,787			235,787	230,827
Contribution to Foundation	992,191		(992,191)	-	-
<b>Total program services</b>	<b>17,864,939</b>	<b>962,152</b>	<b>(992,191)</b>	<b>17,834,900</b>	<b>17,598,610</b>
Supporting services					
General and administrative	1,132,710	495,107		1,627,817	1,468,942
Governance	1,273,792	36,146		1,309,938	1,138,739
<b>Total supporting services</b>	<b>2,406,502</b>	<b>531,253</b>	<b>-</b>	<b>2,937,755</b>	<b>2,607,681</b>
<b>Total expense</b>	<b>20,271,441</b>	<b>1,493,405</b>	<b>(992,191)</b>	<b>20,772,655</b>	<b>20,206,291</b>
Change in unrestricted net assets before net gain on investments	722,869	188,593	-	911,462	819,018
Net gain on investments	3,096,870			3,096,870	1,259,641
<b>Change in unrestricted net assets</b>	<b>3,819,739</b>	<b>188,593</b>	<b>-</b>	<b>4,008,332</b>	<b>2,078,659</b>
<b>Temporarily restricted activities</b>					
Contributions	-	403,953		403,953	675,238
Net assets released from restrictions	-	(463,743)		(463,743)	(897,723)
<b>Change in temporarily restricted net assets</b>	<b>-</b>	<b>(59,790)</b>	<b>-</b>	<b>(59,790)</b>	<b>(222,485)</b>
<b>Change in net assets</b>	<b>3,819,739</b>	<b>128,803</b>	<b>-</b>	<b>3,948,542</b>	<b>1,856,174</b>
Net assets, beginning of year	31,998,740	(992,191)	-	31,006,549	29,150,375
<b>Net assets, end of year</b>	<b>\$ 35,818,479</b>	<b>\$ (863,388)</b>	<b>\$ -</b>	<b>\$ 34,955,091</b>	<b>\$ 31,006,549</b>

# Infectious Diseases Society of America and Affiliate

## Consolidating Statements of Cash Flows Year Ended December 31, 2017 and 2016 Totals

<i>Year Ended December 31,</i>	2017				2016
	IDSA	Foundation	Eliminations	Total	Total
<b>Cash flows from operating activities</b>					
Change in net assets	\$ 3,819,739	\$ 128,803	\$ -	\$ 3,948,542	\$ 1,856,174
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	167,633			167,633	236,642
Loss on disposal of fixed assets	2,059			2,059	-
Net gain on investments	(3,230,033)			(3,230,033)	(1,379,208)
Changes in assets and liabilities:					
Accounts receivable	494,274	115,000		609,274	39,839
Due from Foundation	733,274		(733,274)	-	-
Prepaid expenses	(27,844)	(3,493)		(31,337)	(215,775)
Accounts payable and accrued expenses	290,880	(53,427)		237,453	(166,713)
Due from/to IDSA		(733,274)	733,274	-	-
Due from/to SHEA	(323,320)			(323,320)	(119,776)
Due from/to PIDS	(72,517)			(72,517)	5,036
Deferred revenue	838,551	(22,500)		816,051	(702,544)
Deferred rent	(26,680)			(26,680)	831
Total adjustments	(1,153,723)	(697,694)	-	(1,851,417)	(2,301,668)
Net cash provided by (used in) operating activities	2,666,016	(568,891)	-	2,097,125	(445,494)
<b>Cash flows from investing activities</b>					
Proceeds from sales of investments	10,050,862	274,507		10,325,369	9,131,449
Purchases of investments	(12,474,701)			(12,474,701)	(8,131,991)
Purchases of property and equipment	(89,623)			(89,623)	(311,325)
Net cash (used in) provided by investing activities	(2,513,462)	274,507	-	(2,238,955)	688,133
<b>Net (decrease) increase in cash and cash equivalents</b>	152,554	(294,384)	-	(141,830)	242,639
Cash, beginning of year	830,193	591,554	-	1,421,747	1,179,108
<b>Cash, end of year</b>	\$ 982,747	\$ 297,170	\$ -	\$ 1,279,917	\$ 1,421,747

See notes to the consolidating financial statements.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Infectious Diseases Society of America (IDSA) was incorporated in 1970 under the laws of the District of Columbia as a not-for-profit corporation. IDSA is an organization of physicians, doctoral-level scientists, and other health care 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.

The IDSA Education and Research Foundation (the Foundation) was incorporated in 2001 under the laws of the state of Virginia as a not-for-profit 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.

Principles of consolidation: The consolidating 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. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. 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 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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from estimates.

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.

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.

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

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net assets: For financial statement purposes, net assets are as follows:

*Unrestricted:* Represents the portion of net assets whose use is not restricted by donors. They are available for the general operations of the Organization.

*Temporarily restricted:* Represents the portion of net assets that have been restricted by donors to fund various awards programs and overseas initiatives, or by the passage of time (see Note E).

Contributions: Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period. All other donor-restricted support is reported as an increase in temporarily restricted net assets. Temporarily restricted support is reclassified to unrestricted net assets when restrictions are satisfied.

Functional allocation of expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, indirect expenses have been allocated among the programs and supporting services benefited.

Prior year summarized information: The notes to the consolidating financial statements include certain prior-year summarized comparative information in total but not by net asset class. The summarized prior year information in the notes does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassification: Certain 2016 Consolidating Statement of Activities line items have been reclassified to conform the prior year to the current year's presentation, with no effect on changes in net assets.

Subsequent events: Subsequent events have been evaluated through May 14, 2018, which is the date the consolidating statements were available to be issued.

### B. CREDIT AND MARKET RISK

Credit risk: The Organization maintains demand deposit accounts with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

Market value risk: The Organization also 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 financial statements may not be reflective of the portfolio's value during subsequent periods.



# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

### C. INVESTMENTS

In accordance with generally accepted accounting principles, 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; and

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.

The following is a summary of the input levels used to determine fair values of assets measured at fair value on a recurring basis, at December 31:

<b>2017</b>	Total	Level 1	Level 2	Level 3
Equities	\$ 18,982,311	\$18,982,311	\$ -	\$ -
Fixed Income	12,016,608	12,016,608		
Investments carried at fair value	\$ 30,998,919	\$ 30,998,919	\$ -	\$ -
Certificates of deposit*	4,200,980			
Money market funds*	1,520,960			
<b>Total Investments</b>	<b>\$ 36,720,859</b>			
<b>2016</b>	Total	Level 1	Level 2	Level 3
Equities	\$ 17,210,375	\$ 17,210,375	\$ -	\$ -
Fixed Income	8,109,591	8,109,591		
Investments carried at fair value	\$ 25,319,966	\$ 25,319,966	\$ -	\$ -
Certificates of deposit*	4,113,697			
Money market funds*	1,907,831			
<b>Total Investments</b>	<b>\$ 31,341,494</b>			

\*Investments recorded at cost include certificates of deposit and money market funds. Investments at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

### C. INVESTMENTS - CONTINUED

Investment income consists of the following for the years ended December 31:

	<b>2017</b>	<b>2016</b>
Interest and dividend income	\$ 751,056	\$ 655,967
Net gain on investments	3,230,033	1,379,208
Investment management fees	<u>(133,163)</u>	<u>(119,567)</u>
Total net investment income	<b><u>\$ 3,847,926</u></b>	<b><u>\$ 1,915,608</u></b>

### D. 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. Property and equipment consist of the following at December 31:

	<b>2017</b>	<b>2016</b>
Furniture and equipment	\$ 529,800	\$ 612,108
Software	2,183,937	2,556,074
Leasehold improvements	<u>28,330</u>	<u>28,330</u>
	2,742,067	3,196,512
Less accumulated depreciation and amortization	<u>(1,849,555)</u>	<u>(2,223,931)</u>
	<b><u>\$ 892,512</u></b>	<b><u>\$ 972,581</u></b>

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

### E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net asset activities consist of the following for the years ended:

	December 31, 2016	Contributions	Release from restrictions	December 31, 2017
CW Clinician Awards	\$ 87,311	\$ -	\$ (1,500)	\$ 85,811
Joint Research Awards	-	61,000	(1,000)	60,000
Foundation Minority Fellowship Program	47,239	55,250	(85,281)	17,208
Moellering Trainee Travel Grants	9,851	-	(2,500)	7,351
Korzenowski Overseas Mission	6,814	-	-	6,814
CFG Global Health	85,759	180,953	(266,712)	-
HIVMA Medical Students	-	40,000	(40,000)	-
Mentorship	-	1,750	(1,750)	-
ACA Grant	-	40,000	(40,000)	-
Medical Scholars	-	25,000	(25,000)	-
	<b>\$ 236,974</b>	<b>\$ 403,953</b>	<b>\$ (463,743)</b>	<b>\$ 177,184</b>

	December 31, 2015	Contributions	Release from restrictions	December 31, 2016
CW Clinician Awards	\$ 87,311	\$ -	\$ -	\$ 87,311
CFG Global Health	-	287,238	(201,479)	85,759
Foundation Minority Fellowship Program	332,064	100,000	(384,825)	47,239
Moellering Trainee Travel Grants	12,351	-	(2,500)	9,851
Korzenowski Overseas Mission	6,814	-	-	6,814
Educational Compendium Support	20,919	-	(20,919)	-
HIVMA Medical Students	-	77,000	(77,000)	-
OPAT e-Handbook	-	75,000	(75,000)	-
Joint Research Awards	-	61,000	(61,000)	-
ACA Grant	-	50,000	(50,000)	-
Medical Scholars	-	25,000	(25,000)	-
	<b>\$ 459,459</b>	<b>\$ 675,238</b>	<b>\$ (897,723)</b>	<b>\$ 236,974</b>

### F. JOURNALS

In January 2010, IDSA entered into a ten year agreement 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, 2017 and 2016, royalties earned from the Oxford University Press totaled \$6,972,143 and \$6,897,192, respectively.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### G. RELATED PARTY TRANSACTIONS

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 Internal Revenue Code, to continue to provide facilities and management and administrative services through 2016. In January 2017 IDSA extended their agreement with SHEA through 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, 2017 and 2016 totaled \$1,071,198 and \$959,446, respectively. Due to operations and ID Week royalties (see below), SHEA owed IDSA \$259,300 as of December 31, 2017 and IDSA owed SHEA \$64,020 as of December 31, 2016.

Pediatric Infectious Diseases Society (PIDS): Effective September 1, 1998, IDSA entered into an agreement with PIDS, a not-for-profit organization exempt under Section 501(c)(6) of the Internal Revenue Code, 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, 2017 and 2016 totaled \$270,430 and \$209,014, respectively. Due to operations and ID Week royalties (see below), PIDS owed IDSA \$60,296 as of December 31, 2017 and IDSA owed PIDS \$12,221 as of December 31, 2016.

ID Week: SHEA and IDSA signed agreements to co-host the ID Week annual meeting held in October through 2019. 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, 2017 totaled \$535,593 and \$153,488, respectively. For the year ended December 31, 2016, SHEA and PIDS royalties for the year totaled \$530,231 and \$152,852, respectively.

### H. RETIREMENT PLANS

#### 401(k) retirement plan:

Beginning January 1, 2017, employees are eligible to participate in the IDSA's 401(k) plan on the first day of employment. IDSA provided a contribution equal to 3.5% of the employee's annual salary for the years ended December 31, 2017 and 2016. In addition, the employee may contribute to the plan and IDSA 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. IDSA's contributions to the plan totaled \$250,475 and \$271,161, for the years ended December 31, 2017 and 2016, respectively.

#### 457(b) retirement plan:

During 2017, the Organization established under Section 457(b) of the Internal Revenue Code, a deferred compensation plan available to eligible employees. Expenses related to the Plan were \$14,598 for the year ended December 31, 2017. At December 31, 2017, the investments and associated liability totaled \$15,375. The investments related to deferred compensation are comprised of mutual funds valued using level 1 inputs as defined in Note C and are directed by participants.

# Infectious Diseases Society of America and Affiliate

## Notes to the Consolidating Financial Statements

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### I. 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.

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.

Arlington office lease: In March 2014, IDSA amended its operating lease for office space in Arlington, VA extending the lease term to May 2020. The lease provides for base rental payments which increase at 3% annually and additional rent based on increases in operating expenses. IDSA received certain incentives in connection with the lease, which are being amortized over the lease term on a straight-line basis. The unamortized portions of these incentives are reported as deferred rent in the statements of financial position.

Rent expense was recognized on a straight-line basis over the term of the leases and totaled \$928,002 and \$936,214 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

Year Ending December 31,	
2018	\$ 974,300
2019	1,003,500
2020	<u>426,300</u>
	<u>\$ 2,404,100</u>

Litigation: In November 2017, twenty three individual plaintiffs filed a complaint in Texas against IDSA, several health insurance companies and several doctors, some of whom are or were IDSA members. IDSA's counsel has 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.