2013 Audit Report for the American Statistical Association

American Statistical Association

Financial Report
December 31, 2013

Contents

McGladrey LLP

McGladrey

Independent Auditor's Report

To the Board of Directors
American Statistical Association
Alexandria, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the American Statistical Association (the Association), which comprise the balance sheet as of December 31, 2013, and the related statements of activities 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 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 of 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 Association'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 Association'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 the American Statistical Association as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Gaithersburg, Maryland
March 26, 2014

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American Statistical Association

Balance Sheet
December 31, 2013

Assets	
Current Assets	
Cash and cash equivalents	$ 498,853
Receivables, net	545,511
Prepaid expenses and other assets	179,007
Total current assets	1,223,371
Investments	15,453,738
Equity in Joint Venture	276,051
Bond Issuance Costs, net	95,684
Property and Equipment, net	7,677,329
	23,502,802
	$ 24,726,173
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued expenses	$ 922,911
Due to joint venture	451,352
Deferred revenue	2,313,552
Bonds payable – current	298,803
Total current liabilities	3,986,618
Bonds Payable – Less Current Portion	4,950,845
	8,937,463
Commitments (Note 11)	
Net Assets	
Unrestricted:	
Undesignated	13,216,191
Board designated	1,371,686
	14,587,877
Temporarily restricted	588,937
Permanently restricted	611,896
	15,788,710
	$ 24,726,173

See Notes to Financial Statements.

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2013 Audit Report for the American Statistical Association (continued)

American Statistical Association

Statement of Activities
Year Ended December 31, 2013

	Unrestricted				
	Undesignated	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support					
Meetings	$ 2,909,961	$ -	$ -	$ -	$ 2,909,961
Membership	2,413,474	-	-	-	2,413,474
Publications	2,028,655	-	-	-	2,028,655
Section income	65,336	704,081	-	-	769,417
Special projects	623,400	7,600	53,947	64,640	749,587
Education	332,958	28,314	-	-	361,272
Administration	362,084	-	-	-	362,084
Grants and awards	133,153	-	-	-	133,153
Net assets released from restriction	55,308	-	(55,308)	-	-
Total revenue and support	8,924,329	739,995	(1,361)	64,640	9,727,603
Expenses					
Program services:					
Special projects	1,918,813	12,055	-	-	1,930,868
Meetings	1,874,859	-	-	-	1,874,859
Publications	1,238,087	-	-	-	1,238,087
Membership	796,821	-	-	-	796,821
Section expenses	77,272	572,385	-	-	649,657
Education	376,000	15,080	-	-	391,080
Grants and awards	120,022	-	-	-	120,022
Total program services	6,401,874	599,520	-	-	7,001,394
Supporting services:					
Management and general	1,394,116	-	-	-	1,394,116
Total expenses	7,795,990	599,520	-	-	8,395,510
Change in net assets before unrealized gain on investments	1,128,339	140,475	(1,361)	64,640	1,332,093
Unrealized investment gain	1,297,100	-	144,711	-	1,441,811
Total gains	1,297,100	-	144,711	-	1,441,811
Transfer to undesignated net assets	17,290	(17,290)	-	-	-
Change in net assets	2,442,729	123,185	143,350	64,640	2,773,904
Net Assets					
Beginning	10,773,462	1,248,501	445,587	547,256	13,014,806
Ending	$ 13,216,191	$ 1,371,686	$ 588,937	$ 611,896	$ 15,788,710

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American Statistical Association

Statement of Cash Flows
Year Ended December 31, 2013

Cash Flows from Operating Activities	
Change in net assets	$ 2,773,904
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	302,199
Amortization of bond issuance costs	6,728
Equity in earnings from joint venture	(38,591)
Unrealized and realized gains on investments	(1,545,790)
Loss on extinguishment of bonds	117,602
Gain on the extinguishment of the interest rate swap	(77,503)
Contributions restricted for investment in perpetuity	(64,640)
Changes in assets and liabilities:	
(Increase) decrease in:	
Receivables	(200,637)
Prepaid expenses and other assets	10,985
Increase (decrease) in:	
Accounts payable and accrued expenses	216,820
Deferred revenue	(540,254)
Net cash provided by operating activities	960,823
Cash Flows from Investing Activities	
Purchases of investments	(4,171,689)
Proceeds from sales of investments	2,894,351
Purchases of property and equipment	(11,667)
Net cash used in investing activities	(1,289,005)
Cash Flows from Financing Activities	
Principal payment on bonds payable	(146,352)
Payment on the extinguishment of bonds	(5,300,000)
Proceeds from issuance of bonds payable	5,396,000
Payment on the extinguishment of the interest rate swap	(423,736)
Payment for bond issuance costs	(99,557)
Contributions restricted for investment in perpetuity	64,640
Advances from joint venture, net	10,594
Net cash used in financing activities	(498,411)
Net decrease in cash and cash equivalents	(826,593)
Cash and Cash Equivalents	
Beginning	1,325,446
Ending	$ 498,853
Supplemental Disclosures of Cash Flow Information	
Cash paid for income taxes	$ 150,000
Cash paid for interest expense	$ 177,239

See Notes to Financial Statements.

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American Statistical Association

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities: The American Statistical Association (the Association) was founded in 1839 and incorporated in 1841 under the not-for-profit laws of the Commonwealth of Massachusetts as a professional association serving statisticians and all individuals interested in the study and/or application of statistics. The Association's objectives are to foster statistics and its applications, to promote unity and effectiveness of effort among all concerned with statistical problems, and to increase the contribution of statistics to human welfare. The Association conducts meetings, produces publications devoted to statistical methodology and its applications, makes available information concerning the science of statistics and its contributions, cooperates with organizations in the advancement of statistics, stimulates research, promotes high professional standards and integrity in the application of statistics to problems of science and of public policy, fosters education in statistics, and, in general, makes statistics of service to science and society.

A summary of the Association's programs and services follows:

Meetings: The Association provides for various workshops and meetings that serve as a forum for the latest developments in statistical theory and application. These meetings offer a concentrated opportunity for the exchange of ideas and discussion of research findings among colleagues.

Special Projects: Represent various projects undertaken to further statistics among the public. This includes expenses for various awards presented, which increase the visibility of statistics and its methods with the general public.

Publications: The Association produces various publications and magazines. These publications represent the Association's commitment to the ongoing enhancement of statistical education and the public's understanding of statistics.

Membership: Expenses related to member service maintenance.

Grants and Awards: Represent expenses related to providing advice and technical assistance, which enhance statistical education through the support of federal, state, and local government agencies.

Section Expenses: Represent the Association's organization in groups by professional subject matter. These sections facilitate professional interchanges and research opportunities in statistics.

Education: The Association offers a wide range of continuing education opportunities, which represent a forum for emerging statistics research. These programs include workshops, lectures, and expenses related to the production and sale of educational materials.

Management and General: Includes the functions necessary to secure proper administrative functioning of the Board of Directors, maintain an adequate working environment, and manage financial and budgetary responsibilities of the Association.

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

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

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 Codification, *Financial Statements of Not-for-Profit Organizations,* the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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American Statistical Association

Notes to Financial Statements

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

Cash and Cash Equivalents: The Association considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. All other highly liquid instruments, which are to be used for the long-term purposes of the Association, are classified as investments.

Financial Risk: The Association maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts. The Association believes it is not exposed to any significant financial risk on cash.

The Association invests in equity mutual funds, fixed income mutual funds, and money market funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Receivables: Receivables are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for doubtful accounts, based on management's evaluation of the collectability of receivables, was $10,718 at December 31, 2013. No interest is charged on any outstanding receivables.

Investments: Investments with readily determinable fair values are recorded at fair market value. To adjust the carrying value of the investments, the change in fair value is allocated among program activity revenue in the statement of activities.

Equity in Joint Venture: The Association has an investment in a certain joint venture for which the equity method of accounting is used. Under the equity method, the original investment is recorded at cost and is adjusted by the Association's share of undistributed earnings or losses of the joint venture.

Property and Equipment: Property and equipment are stated at cost and are depreciated over their estimated useful lives on the straight-line method. The Association capitalizes all property and equipment purchased with a cost of $5,000 or more.

Valuation of Long-lived Assets: The Association accounts for the valuation of long-lived assets in accordance with the Codification. The *Accounting for the Impairment or Disposal of Long-Lived Assets* topic requires that long-lived assets and certain identifiable intangible assets be reviewed 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 reportable at the lower of the carrying amount or fair value, less costs to sell.

Interest Rate Swap Contract: The Association follows the Codification, *Accounting for Derivative Instruments and Hedging Activities*, related to its participation in an interest rate swap contract in relation to its mortgage note, which is considered a derivative financial instrument. This codification standard requires that all derivative financial instruments be recognized in the financial statements at their fair value. Changes in the fair value of derivative financial instruments are recognized each period as a component of change in net assets. The Association extinguished its interest rate swap contract during the year ended December 31, 2013.

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2013 Audit Report for the American Statistical Association (continued)

American Statistical Association

Notes to Financial Statements

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

Bond Issuance Costs: The Association paid certain customary fees as required to refinance the note used to finance the acquisition of its new headquarters. These fees have been capitalized and are being amortized over the term of the bonds. Amortization expense was $6,728 for the year ended December 31, 2013.

Board Designated Net Assets: The Board of Directors had designated $1,371,686 at December 31, 2013, of unrestricted net assets to be used for various section activities and other board-approved projects.

Revenue and Support: Meeting revenue is recognized at the time the meeting takes place. Amounts received in advance of the meeting are shown as deferred revenue.

Membership dues are recognized ratably over the applicable membership period to which they apply. Payments for memberships, subscription sales, product sales, or services to be rendered and received in advance are deferred to the appropriate period.

Publication revenue is recognized upon delivery of the material.

All donor-restricted revenue 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.

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, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deductions and has been classified as an organization that is not a private foundation. However, the Association is required to report unrelated business income to the Internal Revenue Service and the state of Virginia, as well as pay certain other taxes to local jurisdictions. The Association incurred approximately $80,533 in income tax expense on unrelated business income related to the net income earned on advertising sales for the year ended December 31, 2013.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the Association's tax positions and concluded that the Association has taken no uncertain tax positions that would require adjustments to the financial statements to comply with the provisions of this guidance. The Association files income tax returns in the U.S. federal jurisdiction. Generally, the Association is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before 2010.

American Statistical Association

Notes to Financial Statements

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

Use of Estimates: The preparation of financial statements 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: The Association evaluated subsequent events through March 26, 2014, which is the date the financial statements were available to be issued.

Note 2. Receivables

Receivables consist of the following at December 31, 2013:

Publication receivables	$ 446,433
Trade account receivables	87,091
Grant receivables	22,705
	556,229
Less provision for doubtful accounts	10,718
	$ 545,511

Note 3. Investments

Investments consist of the following at December 31, 2013:

Equity mutual funds	$ 9,470,528
Fixed income mutual funds	5,633,572
Money market funds	349,638
	$ 15,453,738

The following summarizes investment income for the year ended December 31, 2013:

Unrealized gains	$ 1,441,811
Interest and dividends	317,214
Realized gains	103,979
Investment fees	(57,671)
	$ 1,805,333

Interest and dividends and realized gains are recorded in the applicable revenue and support and line items in the statement of activities.

American Statistical Association

Notes to Financial Statements

Note 4. Equity in Joint Venture

The following schedule presents summarized financial information from the joint venture, in which the Association has a 60% equity ownership. Amounts presented for the year ended December 31, 2013, include the account of Technometrics (60% equity).

Condensed income statement information:	
Revenues	$ 126,039
Expenses	61,721
Net income	$ 64,318
Condensed balance sheet information:	
Total assets	$ 504,014
Total liabilities	31,992
Net equity	$ 472,022

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2013, and depreciation expense for the year ended December 31, 2013, are as follows:

	Estimated Lives	Cost	Accumulated Depreciation	Depreciation Expense
Building	30 years	$ 7,320,951	$ 1,850,538	$ 244,032
Building leasehold improvements	30 years	1,170,369	290,658	39,243
Building renovation	30 years	23,100	5,546	783
Furniture and fixtures	5 years	211,869	211,869	-
Office equipment	5 years	96,901	87,711	4,362
Software	3 years	215,579	212,099	3,806
Computer equipment	3 years	152,086	141,105	9,973
Land	–	1,286,000	-	-
		$ 10,476,855	$ 2,799,526	$ 302,199

American Statistical Association

Notes to Financial Statements

Note 6. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available at December 31, 2013, for the following purposes, and net assets were released from restriction by incurring expenses satisfying the restricted purpose:

	Balance December 31, 2012	**Restricted Contributions**	**Investment Income**	**Released**	**Balance December 31, 2013**
Cox Scholarship	$ 111,974	$ **525**	$ **19,095**	$ **6,032**	$ **125,562**
Waksberg Award	67,769	**-**	**10,117**	**-**	**77,886**
Youden Award	41,414	**-**	**15,464**	**2,485**	**54,393**
Deming Lecture Fund	27,853	**-**	**14,579**	**2,824**	**39,608**
Wray Smith Sch. Fund	29,119	**-**	**4,119**	**1,000**	**32,238**
EC Bryant Fund	23,267	**-**	**11,750**	**2,500**	**32,517**
Grifith Mentoring Award	15,371	**6,250**	**8,979**	**1,775**	**28,825**
MG Natrella Scholarship Fund	25,885	**-**	**3,431**	**1,005**	**28,311**
Dixon Award	15,627	**-**	**12,764**	**510**	**27,881**
Noether Memorial Fund	9,769	**-**	**29,283**	**8,432**	**30,620**
Chambers Award (ACM Software)	18,347	**-**	**3,124**	**-**	**21,471**
Judea Pearl Prize	15,469	**5,000**	**(469)**	**5,000**	**15,000**
Bernard Harris Fund	12,443	**-**	**2,458**	**-**	**14,901**
Wilks Memorial Fund	3,043	**-**	**12,010**	**1,626**	**13,427**
Marquardt Memorial Fund	7,098	**-**	**3,280**	**-**	**10,378**
Karl E. Peace Award	1,661	**-**	**8,740**	**1,235**	**9,166**
Lester R. Curtin Award	489	**5,393**	**3,589**	**889**	**8,582**
Martha Aliaga Scholarship Fund	5,456	**1,650**	**1,119**	**42**	**8,183**
Waller Fund	5,592	**-**	**4,754**	**3,021**	**7,325**
Lingzi Lu Fund	-	**-**	**2,670**	**7**	**2,663**
Promoting Statistics Fund	-	**4,285**	**-**	**4,285**	**-**
Access to Statistics Fund	-	**1,475**	**-**	**1,475**	**-**
Excellence in Statistics Fund	-	**320**	**-**	**320**	**-**
Chemostatistics Award	234	**2,000**	**-**	**2,234**	**-**
CA Jacobs Award	7,707	**-**	**904**	**8,611**	**-**
	$ 445,587	$ **26,898**	$ **171,760**	$ **55,308**	$ **588,937**

Permanently restricted net assets consist principally of accumulated contributions for various awards, lecture series, and scholarships. These assets consist of the following at December 31, 2013:

	Balance December 31, 2012	**Additions**	**Balance December 31, 2013**
Noether Memorial Fund	$ 206,506	$ **-**	$ **206,506**
Deming Lecture Fund	67,275	**-**	**67,275**
Youden Award	61,082	**-**	**61,082**
EC Bryant Fund	60,000	**-**	**60,000**
Wilks Memorial Fund	47,143	**-**	**47,143**
Waller Fund	20,000	**25,000**	**45,000**
Lingzi Lu Fund	-	**39,640**	**39,640**
Karl E. Peace Award	34,000	**-**	**34,000**
Marquardt Memorial Fund	26,250	**-**	**26,250**
Lester R. Curtin Award	25,000	**-**	**25,000**
	$ 547,256	$ **64,640**	$ **611,896**

2013 Audit Report for the American Statistical Association (continued)

American Statistical Association

Notes to Financial Statements

Note 6. Temporarily and Permanently Restricted Net Assets (Continued)

The Board of Directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation 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 Association classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

The Association 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.

All earnings of the endowment are reflected as temporarily restricted net assets until appropriated for expenditure based on donor restrictions by the various Committees of the Association. The Board of Directors has assigned a Committee to each program for the purposes of selecting and recommending individuals for awards or grants.

For the year ended December 31, 2013, the Association had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted
Endowment net assets – December 31, 2012	$ 120,186	$ 547,256
Contributions	-	64,640
Net appreciation and income	102,530	-
Appropriation of endowment assets for expenditure	(22,130)	-
Endowment net assets – December 31, 2013	**$ 200,586**	**$ 611,896**

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American Statistical Association

Notes to Financial Statements

Note 7. Retirement Plans

The Association has a 401(k) profit sharing plan and a money purchase plan. Both plans cover substantially all full-time employees from date of hire. Under the terms of the 401(k) profit sharing plan, the Association will match 100% of the participating employee's contributions, up to 3% of the employee's salary. Under the terms of the money purchase plan, the Association contributes 6% of an eligible employee's compensation to the plan. Contribution expense to the plans is as follows for the year ended December 31, 2013:

Money purchase plan	$ 331,067
401(k) profit sharing plan	79,189
	$ 410,256

Note 8. Related Party Transactions

The Association is a co-sponsor in one joint venture. It has a maintenance agreement with the same joint venture, in which it provides management and collection services, office space, and editorial and administrative support.

The following schedules summarize the Association's financial activity with the joint venture for the year ended December 31, 2013:

Due from Joint Venture:	
Technometrics	$ -
Due to Joint Venture:	
Technometrics	$ (451,352)
Maintenance Agreement Revenue:	
Technometrics	$ 33,118

Note 9. Bonds Payable

On August 1, 2005, the Association entered into an agreement with the Industrial Development Authority of the City of Alexandria to issue $6,500,000 of Industrial Development Revenue Bonds (the Bonds) on behalf of the Association to finance the purchase and renovation of a new headquarters building. During the year ended December 31, 2013, the Association refinanced its outstanding Industrial Development Revenue Bonds (the Bonds) that were due to mature on May 31, 2030. The Association paid the balance due on the Revenue Bonds and issued Revenue Refunding Bonds (the Bonds) for $5,396,000 with Suntrust Bank, the holder of the Bonds, which has a maturity date of August 1, 2030. The Bonds are callable on May 1, 2028, by the bondholder. Interest on the Bond is calculated at a fixed rate of 2.75%.

During the year ended December 31, 2013, the Association recognized a loss of $117,602 on the extinguishment of the Bonds, included in management and general expenses on the accompanying statement of activities. Interest expense incurred for the year ended December 31, 2013, was $177,239.

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American Statistical Association

Notes to Financial Statements

Note 9. Bonds Payable (Continued)

Annual principal payments on the Bonds at December 31, 2013, are due in future years as follows:

Years Ending December 31,	
2014	$ 298,803
2015	307,125
2016	315,678
2017	324,469
2018	333,506
2019 – 2028	3,670,067
	$ 5,249,648

The above-mentioned note is collateralized by the land and building purchased by the Association.

In connection with the Bonds, the Association must be in compliance with certain specified covenants.

Note 10. Interest Rate Swap Contract

The Association had an interest rate swap contract with a bank to reduce the impact of changes in the interest rates on its variable mortgage note. The swap contract was entered into for a ten-year period commencing on October 14, 2005. In connection with the refinancing of the bonds as discussed in Note 9, the Association terminated the interest rate swap for $423,736 during the year ended December 31, 2013. The Association recognized a gain of $77,503 on the termination of the interest swap contract for the year ended December 31, 2013, included in administration revenues on the accompanying statement of activities.

Note 11. Commitments

Hotel Space: The Association reserves hotel space for its conventions several years in advance. The contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved. As of the date of this report, contracts for hotel space had been entered into through 2020. However, due to the numerous variables involved, the Association's potential liability under these contracts cannot be determined.

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American Statistical Association

Notes to Financial Statements

Note 12. Fair Value Measurements

The Association follows the Codification topic, *Fair Value Measurement*. The Codification applies to all assets and liabilities that are being measured and reported on a fair value basis. The Codification requires disclosure that establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosure about fair value measurements. The Codification enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Codification requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets or liabilities

Level 2 Observable market-based inputs or unobservable inputs corroborated by market data

Level 3 Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Association performs a detailed analysis of the assets and liabilities that are subject to the standard. 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 table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy:

	Total	Level 1	Level 2	Level 3
Financial assets:				
Equity mutual funds:				
S&P 500 index fund	$ 4,356,975	$ 4,356,975	$ -	$ -
Small and mid-cap fund	2,732,055	2,732,055	-	-
Global real estate fund	703,953	703,953	-	-
Foreign large blend	653,549	653,549	-	-
International fund	642,791	642,791	-	-
Emerging markets	381,205	381,205	-	-
	9,470,528	9,470,528	-	-
Fixed income mutual funds:				
Intermediate term bond	1,912,508	1,912,508	-	-
Short term bond	1,305,946	1,305,946	-	-
High yield	1,109,202	1,109,202	-	-
Inflation protected bond	927,729	927,729	-	-
Emerging markets	378,187	378,187	-	-
	5,633,572	5,633,572	-	-
	$ 15,104,100	$ 15,104,100	$ -	$ -

The equity and fixed income mutual funds of the Association are publicly traded on active markets and are considered Level 1 items. Money market funds of $349,638 are not subject to the provisions of the *Fair Value Measurement* topic, as they are recorded at cost.

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