

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Academy of Neurology and American Academy of Neurology Institute, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statement of financial position of American Academy of Neurology and American Academy of Neurology Institute as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2017

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 13,449,124	\$ 12,377,576
Grants and Gifts Receivable, Net	2,329,992	1,848,414
Accounts Receivable, Net	1,374,151	1,338,254
Prepaid Expenses	1,046,271	932,878
Other Assets	92,056	112,960
Total Current Assets	18,291,594	16,610,082
PROPERTY AND EQUIPMENT, NET	17,429,541	18,263,188
OTHER LONG-TERM ASSETS		
Investments	63,740,068	56,656,842
Investments Held in Trust	96,416	-
Grants and Gifts Receivable, Net of Current Portion	918,954	809,932
Total Other Long-Term Assets	64,755,438	57,466,774
Total Assets	\$ 100,476,573	\$ 92,340,044
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,241,032	\$ 941,037
Notes Payable	768,497	767,697
Grants Payable	2,039,135	1,552,267
Deferred Revenue	11,688,544	10,246,883
Accrued Expenses	2,922,705	2,467,087
Total Current Liabilities	18,659,913	15,974,971
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	10,692,292	11,447,817
Funds Held for Others	6,514,784	5,876,776
Deferred Compensation	96,416	-
Deferred Revenue, Net of Current Portion	3,014,930	4,017,636
Grants Payable, Net of Current Portion	732,031	611,321
Total Long-Term Liabilities	21,050,453	21,953,550
Total Liabilities	39,710,366	37,928,521
NET ASSETS		
Unrestricted:		
Undesignated	51,563,183	45,325,790
Invested in Property and Equipment	6,065,168	6,047,674
Total Unrestricted	57,628,351	51,373,464
Temporarily Restricted	2,999,606	2,949,809
Permanently Restricted	138,250	88,250
Total Net Assets	60,766,207	54,411,523
Total Liabilities and Net Assets	\$ 100,476,573	\$ 92,340,044

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE				
Royalties	\$ 12,304,938	\$ -	\$ -	\$ 12,304,938
Membership	8,974,391	-	-	8,974,391
Conference and Educational Fees	11,502,893	-	-	11,502,893
Grants and Gifts	2,439,263	4,940,601	50,000	7,429,864
Product Sales	430,863	-	-	430,863
Publishing Fees	6,503,476	-	-	6,503,476
Management and Service Fees	381,171	-	-	381,171
Other	84,627	-	-	84,627
Investment Income (Loss)	822,693	17,514	-	840,207
Net Assets Released From Restrictions	4,908,318	(4,908,318)	-	-
Total Support and Revenue	48,352,633	49,797	50,000	48,452,430
EXPENSES				
Program Expenses:				
Grants and Awards	5,067,716	-	-	5,067,716
Clinical Practice	3,109,278	-	-	3,109,278
Membership	6,529,156	-	-	6,529,156
Education	14,544,633	-	-	14,544,633
Products	108,227	-	-	108,227
Publications	5,201,632	-	-	5,201,632
Advocacy	4,144,273	-	-	4,144,273
Total Program Expenses	38,704,915	-	-	38,704,915
Support Services:				
Development	184,110	-	-	184,110
General and Administrative	7,059,889	-	-	7,059,889
Total Support Services	7,243,999	-	-	7,243,999
Total Expenses	45,948,914	-	-	45,948,914
TOTAL CHANGE IN NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME	2,403,719	49,797	50,000	2,503,516
Nonoperating Investment Income (Loss)	3,851,168	-	-	3,851,168
TOTAL CHANGE IN NET ASSETS	6,254,887	49,797	50,000	6,354,684
Net Assets - Beginning of Year	51,373,464	2,949,809	88,250	54,411,523
NET ASSETS - END OF YEAR	<u>\$ 57,628,351</u>	<u>\$ 2,999,606</u>	<u>\$ 138,250</u>	<u>\$ 60,766,207</u>

See accompanying Notes to Consolidated Financial Statements.

2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 11,847,849	\$ -	\$ -	\$ 11,847,849
8,683,781	-	-	8,683,781
10,712,332	-	-	10,712,332
2,693,307	5,153,786	-	7,847,093
565,210	-	-	565,210
5,718,631	-	-	5,718,631
382,041	-	-	382,041
104,485	-	-	104,485
(136,505)	(1,281)	-	(137,786)
4,148,238	(4,148,238)	-	-
<u>44,719,369</u>	<u>1,004,267</u>	<u>-</u>	<u>45,723,636</u>
5,186,032	-	-	5,186,032
2,883,765	-	-	2,883,765
5,894,455	-	-	5,894,455
13,376,007	-	-	13,376,007
216,871	-	-	216,871
5,007,993	-	-	5,007,993
4,077,200	-	-	4,077,200
<u>36,642,323</u>	<u>-</u>	<u>-</u>	<u>36,642,323</u>
251,835	-	-	251,835
<u>6,166,396</u>	<u>-</u>	<u>-</u>	<u>6,166,396</u>
<u>6,418,231</u>	<u>-</u>	<u>-</u>	<u>6,418,231</u>
<u>43,060,554</u>	<u>-</u>	<u>-</u>	<u>43,060,554</u>
1,658,815	1,004,267	-	2,663,082
<u>(346,198)</u>	<u>-</u>	<u>-</u>	<u>(346,198)</u>
1,312,617	1,004,267	-	2,316,884
<u>50,060,847</u>	<u>1,945,542</u>	<u>88,250</u>	<u>52,094,639</u>
<u>\$ 51,373,464</u>	<u>\$ 2,949,809</u>	<u>\$ 88,250</u>	<u>\$ 54,411,523</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 6,354,684	\$ 2,316,884
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	995,686	1,006,494
Bond Issuance Cost Amortization	12,144	12,140
Contributions Restricted for Long-Term Purposes	(50,000)	-
Loss on Disposal of Assets	-	500
Decrease in Allowance on Investment	(5,373)	(17,534)
Unrealized (Gain) Loss on Investments	(2,854,745)	783,083
Realized Gain on Investments	(403,119)	-
(Increase) Decrease in Assets:		
Grants and Gifts Receivable	(590,600)	(1,263,496)
Accounts Receivable	(35,897)	431,272
Prepaid Expenses	(113,393)	(249,111)
Other Assets	20,904	17,892
Increase (Decrease) in Liabilities:		
Accounts Payable	299,995	(186,631)
Grants Payable	607,578	1,070,865
Deferred Compensation	96,416	-
Deferred Revenue	438,955	(649,966)
Accrued Expenses	455,618	219,695
Net Cash Provided by Operating Activities	5,228,853	3,492,087
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(162,039)	(64,678)
Purchase of Investment Held in Trust	(96,416)	-
Purchase of Investments	(10,559,172)	(7,064,688)
Proceeds on Sale of Investments	7,377,191	6,811,667
Net Cash Used by Investing Activities	(3,440,436)	(317,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Payments on Capital Lease	(16,869)	(20,473)
Cash Payments on Note Payable	(750,000)	(750,000)
Contributions Restricted for Long-Term Purposes	50,000	-
Net Cash Used by Financing Activities	(716,869)	(770,473)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,071,548	2,403,915
Cash and Cash Equivalents - Beginning of Year	12,377,576	9,973,661
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,449,124	\$ 12,377,576
Cash Paid for Interest	\$ 409,225	\$ 433,363
Income Taxes Paid During the Year	\$ 11,742	\$ 11,354
Equipment Acquired through Capital Lease	\$ -	\$ 54,014

See accompanying Notes to Consolidated Financial Statements.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Academy of Neurology (Academy) is a not-for-profit international professional association of more than 32,000 neurologists and neuroscience professionals. The mission is to advance the art and science of neurology and thereby promote the highest quality patient-centered neurologic care and enhance member career satisfaction.

American Academy of Neurology Institute (Institute) is a not-for-profit with the mission to advance the art and science of neurology, and thereby promote the best possible care for patients with neurological disorders. The Institute provides excellence in education through diverse programs in both clinical aspects of neurology and in basic neuroscience areas; supports the development of a practice environment that provides ethical, high quality care for patients with neurological disorders; and supports clinical and basic research.

The Academy and Institute operate under an Inter-Organization Agreement that defines the rights of each, ownership of Academy journals, and allocation of royalties. They also operate under a Resource Allocation Agreement that provides for the sharing of employees and facilities. The Agreement requires the reimbursement of expenses at cost or Fair Market Value.

Basis of Consolidation

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

Financial Statement Presentation

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

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently by the Organization.

Cash and Cash Equivalents

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

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Accounts, contribution and royalty receivables are stated at net realizable value. Accordingly, the Organization accounts for uncollectible accounts by the reserve method, which is based on management's judgment considering historical information. Payment is required 30 days after receipt of the invoice. Individual accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted, the receivable is written off against the reserve. The Organization had an allowance for doubtful accounts of \$20,000 and \$-0- at December 31, 2016 and 2015, respectively.

Property and Equipment

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

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

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

Investments

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

Grants Payable

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

Funds Held for Others

Funds held for others consist of investments held for the American Brain Foundation and Child Neurology Foundation.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Compensation

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

Grants and Gifts

Grants and gifts received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Gifts are recognized at fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recorded when the condition has been satisfied.

Fair Value Measurement

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

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

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

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

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

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

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Membership dues are recognized as revenue over the period in which the dues relate. Dues represent services rendered on a calendar year basis. Dues collected in advance are recorded as deferred revenue until they are earned.

Allocation of Expenses

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

Income Taxes

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

The Academy is organized on a not-for-profit basis, and their tax-exempt status has been recognized by the Internal Revenue Service under Section 501(c)(6). The Academy is subject to unrelated business income taxes under the Internal Revenue Code for federal and state tax purposes.

The Organization follows the provisions of FASB ASC 740-10-25, which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include any uncertain tax positions. The Organization's tax returns are subject to review and examination by federal authorities.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Concentrations

As of December 31, 2016 and 2015, 53% and 63%, respectively, of grants and gifts receivable were from two donors. The Organization also has a potential credit risk in grants and gifts receivable since the balance is due from a limited number of individuals and corporate contributions. As of December 31, 2016 and 2015, 63% and 62%, respectively, of accounts receivable were from one publisher. The Organization's publications and royalty revenues are primarily from one publisher.

Use of Estimates

The presentation of consolidated 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications have no effects on the change in net assets or total net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 24, 2017, the date the financial statements were available to be issued.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 GRANTS AND GIFTS RECEIVABLE

Grants and gifts receivable at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
Less than One Year	\$ 2,329,992	\$ 1,848,414
One to Five Years	947,000	848,000
Total	<u>3,276,992</u>	<u>2,696,414</u>
Less: Discount to Present Value	(28,046)	(38,068)
Net Grants and Gifts Receivable	<u>\$ 3,248,946</u>	<u>\$ 2,658,346</u>

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

	<u>2016</u>	<u>2015</u>
Current	\$ 2,329,992	\$ 1,848,414
Long Term	918,954	809,932
Total	<u>\$ 3,248,946</u>	<u>\$ 2,658,346</u>

Grants and gifts expected to be received beyond one year are reflected at the present value of future cash flows at the date of donation using a discount rate of approximately 1% to 3%.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land and Land Improvements	\$ 669,740	\$ 669,740
Building	17,202,176	17,202,176
Office Furniture, Equipment, and Software	4,481,832	4,319,794
Leasehold Improvements	9,262	9,262
Total Property and Equipment	<u>22,363,010</u>	<u>22,200,972</u>
Less: Accumulated Depreciation	(4,933,469)	(3,937,784)
Net Property and Equipment	<u>\$ 17,429,541</u>	<u>\$ 18,263,188</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 INVESTMENTS

Investments consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Reserves:		
Corporate Bond Funds	\$ 17,129,030	\$ 14,948,400
Equity Funds - Foreign	9,556,386	9,266,975
Equity Funds - Mid-Cap	6,040,922	4,890,422
Equity Funds - Large Blend	17,992,412	15,411,554
Mutual Funds Held in Trust	96,416	-
Funds of Hedge Funds	3,901,103	3,795,812
Subtotal Reserves	<u>54,716,269</u>	<u>48,313,163</u>
Operating:		
Corporate Bond Funds	4,276,654	4,011,175
Equity Funds - Foreign	1,403,133	1,420,596
Equity Funds - Mid-Cap	865,746	700,864
Equity Funds - Large Blend	2,544,498	2,179,511
Temporary Cash Investments	30,184	31,533
Subtotal Operating	<u>9,120,215</u>	<u>8,343,679</u>
Total Investments	<u>\$ 63,836,484</u>	<u>\$ 56,656,842</u>

Investments in the corporate bond funds, money market mutual funds, equity securities and equity funds are recorded at fair market value. The funds of hedge funds are recorded at the estimated fair value of the Organization's share of the fund, calculated monthly by the custodian.

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

	<u>2016</u>	<u>2015</u>
Interest and Dividends	\$ 1,433,511	\$ 299,099
Unrealized Gain (Loss) on Investments	2,854,745	(783,083)
Realized Gain on Sale of Investments	403,119	-
Total Investment Income (Loss)	<u>\$ 4,691,375</u>	<u>\$ (483,984)</u>

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

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 FAIR VALUE MEASUREMENTS

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

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

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

	2016			Total
	Level 1	Level 2	Level 3	
INVESTMENTS				
Temporary Cash Investments	\$ 30,184	\$ -	\$ -	\$ 30,184
Corporate Bond Funds	21,405,684	-	-	21,405,684
Equity Funds - Foreign	10,959,519	-	-	10,959,519
Equity Funds - Mid-Cap	6,906,668	-	-	6,906,668
Equity Funds - Large Blend	20,536,910	-	-	20,536,910
Mutual Funds Held in Trust	96,416	-	-	96,416
Funds of Hedge Funds	-	-	-	3,901,103
Subtotal - Fair Value	<u>\$ 59,935,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,836,484</u>

	2015			Total
	Level 1	Level 2	Level 3	
INVESTMENTS				
Temporary Cash Investments	\$ 31,533	\$ -	\$ -	\$ 31,533
Corporate Bond Funds	18,959,575	-	-	18,959,575
Equity Funds - Foreign	10,687,571	-	-	10,687,571
Equity Funds - Mid-Cap	5,591,286	-	-	5,591,286
Equity Funds - Large Blend	17,591,065	-	-	17,591,065
Funds of Hedge Funds	-	-	-	3,795,812
Subtotal - Fair Value	<u>\$ 52,861,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,656,842</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of December 31:

	<u>2016</u>		
	<u>Net Asset Value</u>	<u>Redemption Notice Period</u>	<u>Redemption Frequency</u>
Fund of Hedge Funds	\$ 8,135	In Liquidation	N/A
Fund of Hedge Funds	3,901,103	107 Days	Semi-Annually
	<u>2015</u>		
	<u>Net Asset Value</u>	<u>Redemption Notice Period</u>	<u>Redemption Frequency</u>
Fund of Hedge Funds	\$ 13,508	In Liquidation	N/A
Fund of Hedge Funds	3,795,812	107 Days	Semi-Annually

Fund of Hedge Funds includes investments in multi-strategy and event driven funds. The fair value of the hedged funds in this category has been estimated using the net asset value per share of the investments (or its equivalent). There are no unfunded commitments as of December 31, 2015 and 2016. As of December 31, 2016 and 2015 fund of hedge funds that is currently in liquidation has a reserve recorded against the value to fully allow for the remaining value.

NOTE 6 INCOME TAX

The Academy is subject to income tax on any unrelated business income. The provision for income taxes charged to operations was \$30,400 and \$13,741 at December 31, 2016 and 2015, respectively.

**AMERICAN ACADEMY OF NEUROLOGY AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 7 NOTES PAYABLE

Notes Payables consists of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Revenue Bonds Due June 1, 2032 with a Fixed Interest Rate of 3.32% at December 31	\$ 11,625,000	\$ 12,375,000
Capital Lease Obligations	24,834	41,703
Bond Issuance Costs	(189,045)	(201,189)
Total Notes Payable	<u>\$ 11,460,789</u>	<u>\$ 12,215,514</u>

The City of Minneapolis, Minnesota issued Recovery Zone Facility Revenue Bonds to finance the construction and equipping of facilities at 210 Chicago Avenue, Minneapolis, Minnesota. Interest is payable monthly at a fixed rate of 3.32% through June 1, 2017 and principal payments are due semi-annual beginning December 2012. After June 1, 2017, the Organization may renegotiate the rate to determine if it remains fixed or transfers to a variable rate. The bonds are secured by the Organization's building. The bonds mature on March 9, 2022.

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

	<u>2016</u>	<u>2015</u>
Current	\$ 768,497	\$ 767,697
Long Term	10,692,292	11,447,817
Total	<u>\$ 11,460,789</u>	<u>\$ 12,215,514</u>

At December 31, 2016, the Organization believes they are in compliance with all financial covenant requirements.

The Organization incurred interest expense related to notes payable of \$410,505 and \$434,862 in 2016 and 2015, respectively.

The Organization leases certain office equipment under non-cancelable leases. The leases have been capitalized and included in equipment. The cost of equipment under the capital leases was \$54,014 at December 31, 2016. Accumulated depreciation was \$30,008 at December 31, 2016. The related amortization expense is included with depreciation expense.

**AMERICAN ACADEMY OF NEUROLOGY AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 7 NOTES PAYABLE (CONTINUED)

Payments are due as follows:

<u>Year Ending December 31,</u>	<u>Revenue Bonds</u>	<u>Capital Lease</u>	<u>Total</u>
2017	\$ 750,000	\$ 18,497	\$ 768,497
2018	750,000	6,337	756,337
2019	750,000	-	750,000
2020	750,000	-	750,000
2021	750,000	-	750,000
Thereafter	7,875,000	-	7,875,000
Total	<u>\$ 11,625,000</u>	<u>\$ 24,834</u>	<u>\$ 11,649,834</u>

The Organization has a line of credit with a bank in the amount of \$2,500,000 for working capital purposes. The agreement matures October 25, 2017 and had an interest rate of 1.74% plus the one-month LIBOR rate as of December 31, 2016. As of December 31 2016 and 2015, there were no amounts outstanding on the line of credit.

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

	<u>2016</u>	<u>2015</u>
Bond Issuance Costs	\$ 262,221	\$ 262,221
Less: Accumulated Amortization	(73,176)	(61,032)
Net Bond Issuance Costs	<u>\$ 189,045</u>	<u>\$ 201,189</u>

NOTE 8 GRANTS PAYABLE

Grants payable include the following at December 31:

	<u>2016</u>	<u>2015</u>
Current Portion of Grants Payable	\$ 2,039,135	\$ 1,552,267
Long-Term Portion of Grants Payable	732,031	611,321
Net Grants Payable	<u>\$ 2,771,166</u>	<u>\$ 2,163,588</u>
Amounts Due:		
One Year or Less	\$ 2,039,135	\$ 1,552,267
One to Five Years	745,000	617,500
Discount to Present Value	(12,969)	(6,179)
Net Grants Payable	<u>\$ 2,771,166</u>	<u>\$ 2,163,588</u>

Grants expected to be paid beyond one year are reflected at the present value of future cash flows using a discount rate of approximately 1% to 3%.

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NOTE 9 DEFERRED REVENUE

Deferred revenue consists of the following at December 31:

	2016	2015
Future Year Dues	\$ 5,923,472	\$ 5,283,525
Conference Revenues	2,889,051	2,216,832
Publication Bonus	4,000,000	5,000,000
Advertising for Future Periods	-	-
Registration	1,499,017	1,401,211
Other	391,934	362,951
Total Deferred Revenue	14,703,474	14,264,519
Current Portion of Deferred Revenue	(11,688,544)	(10,246,883)
Long-Term Portion of Deferred Revenue	\$ 3,014,930	\$ 4,017,636

NOTE 10 NET ASSETS

Unrestricted – Invested in Property and Equipment

The unrestricted net assets represent the amount invested in property and equipment including the bond issuance costs related to the building, net of bonds payable.

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes as of December 31:

	2016	2015
Annual Meeting and Other Programs	\$ 2,726,057	\$ 2,731,907
Education, Research and Award Funds	90,121	70,307
BrainPAC	183,428	147,595
Total	\$ 2,999,606	\$ 2,949,809

Permanently Restricted

Permanently restricted net assets of \$138,250 and \$88,250 as of December 31, 2016 and 2015 are restricted to investments in perpetuity, the income from which is expendable to support awards.

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NOTE 11 NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2016</u>	<u>2015</u>
Annual Meeting and Other Programs	\$ 2,362,986	\$ 2,071,905
Education, Research and Award Funds	2,218,332	1,782,833
BrainPAC	327,000	293,500
Total	<u>\$ 4,908,318</u>	<u>\$ 4,148,238</u>

NOTE 12 ENDOWMENT

The Organization's donor-restricted endowment consists of 22 individual funds established to support research and awards and, as required by accounting principles generally accepted in the United States of America, net assets associated with those endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization has determined the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as 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 Organization in a manner consistent with the standard of prudence.

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

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

**AMERICAN ACADEMY OF NEUROLOGY AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 12 ENDOWMENT (CONTINUED)

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

The Organization has a policy of appropriating for distribution each year 4.5% of its endowment fund's moving average fair value over the prior 12 months through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity for a specific term as well as to provide additional real growth through new gifts and investment return. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2016 and 2015.

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

	Temporarily Restricted	Permanently Restricted	Total
Balance, December 31, 2014	\$ 71,889	\$ 88,250	\$ 160,139
Investment Income	(1,281)	-	(1,281)
Contributions	-	-	-
Changes in Donor Restrictions	-	-	-
Appropriation of Endowment Funds	(1,500)	-	(1,500)
Balance, December 31, 2015	69,108	88,250	157,358
Investment Income	17,514	-	17,514
Contributions	-	50,000	50,000
Changes in Donor Restrictions	-	-	-
Appropriation of Endowment Funds	(1,500)	-	(1,500)
Balance, December 31, 2016	<u>\$ 85,122</u>	<u>\$ 138,250</u>	<u>\$ 223,372</u>

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NOTE 13 RETIREMENT PLAN

The Academy has a defined contribution retirement plan for its employees who meet certain service requirements. The Academy makes monthly contributions to the plan of 10.5% of the base salaries of qualifying participants. Retirement plan expenses were approximately \$1,094,000 and \$991,000 for the years ended December 31, 2016 and 2015, respectively.

NOTE 14 COMMITMENTS

Lease Commitments

The Organization leases space in Rochester, New York, and Washington, D.C. with varying terms through 2018. Total rent expense for these leases, including maintenance and operating costs, for the year ended December 31, 2016 totaled \$140,073.

Future minimum lease payments required under the noncancelable operating leases are as follows at December 31, 2016:

<u>Year Ending December 31,</u>	<u>Amount</u>
2017	\$ 136,856
2018	26,360
Total Minimum Lease Payments	<u>\$ 163,216</u>

Hotel and Convention Center Commitments

As of December 31, 2016, the Organization had signed commitments with various hotels and convention centers for the upcoming annual meetings. At December 31, 2015, the Organization was liable for approximately \$5,300,000 if the Organization cancels the agreements. As of April 24, 2017, over \$2,200,000 of these commitments are scheduled to be fulfilled after April 2017. The Organization has obtained insurance to cover the future annual meetings.

NOTE 15 RELATED PARTY TRANSACTIONS

United Council for Neurologic Subspecialties (Council) is a not-for-profit corporation which provides certification and accreditation for physicians in neurological subspecialties. The Council was formed by American Academy of Neurology and four other non-profit neurology associations. The Academy provides various operational services to the Council including leased employees as follows:

	<u>2016</u>	<u>2015</u>
Services Provided	\$ 171,000	\$ 169,000
Leased Employees	352,000	381,000
Account Receivable	52,961	88,124

**AMERICAN ACADEMY OF NEUROLOGY AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 15 RELATED PARTY TRANSACTIONS (CONTINUED)

The American Brain Foundation (Foundation) is a not-for-profit corporation established to support vital research into finding cures for brain disease. The Academy provides various operational services to the Foundation including leases employees. The total amount of services provided by the Academy for the years ended December 31, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Services Provided	\$ 184,651	\$ 182,057
Leased Employees	773,800	614,000
Account Receivable	50,881	84,867

The Academy, in 2013, awarded a \$3,000,000 grant to the Foundation requiring a 1:1 match. Approximately \$2,828,244 was matched as of December 31, 2016. As of December 31, 2016 and 2015, the Academy has a payable in the amount of \$332,190 and \$198,767, respectively. As of December 31, 2016, \$171,756 remained to be matched. The recording of the grant is contingent on matching performance by the Foundation and as such is not expensed until matched.

The Academy in 2016 and 2015 awarded and paid grants of \$1,100,000 and \$1,300,000, respectively, to the Foundation in support of their operations.

The Academy in 2016 and 2015 received a grant from the Foundation of \$920,000 and \$1,780,000, respectively, to support clinical research training scholarships. The Foundation also provided support to the Academy for various awards in 2016 and 2015 totaling \$178,000 and \$191,000, respectively. As of December 31, 2016 and 2015, the Academy had a receivable from the Foundation of \$1,038,917 and \$854,333, respectively, related to these grants.

The Foundation pools their long-term investments with the Academy as described in Note 4 to the financial statements.

Certain members of the Academy's Board of Directors are individuals from which the Academy purchases services in the normal course of business. During the years ended December 31, 2016 and 2015, the Academy purchased \$286,464 and \$160,781, respectively, of services from individuals who are members of the board of directors.

NOTE 16 SUBSEQUENT EVENT

The Academy refinanced the Notes Payable on March 10, 2017 in the amount of \$11,625,000. The interest rate was reset to a five-year fixed rate of 2.38% through March 10, 2022. All other terms remain unchanged as disclosed in Note 7.

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

ASSETS	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 7,177,496	\$ 6,271,628	\$ -	\$ 13,449,124
Grants and Gifts Receivable, Net	-	2,329,992	-	2,329,992
Accounts Receivable, Net	1,056,594	317,557	-	1,374,151
Intercompany Receivable	636,258	-	(636,258)	-
Prepaid Expenses	546,531	499,740	-	1,046,271
Other Assets	92,056	-	-	92,056
Deferred Income Tax	-	-	-	-
Total Current Assets	<u>9,508,935</u>	<u>9,418,917</u>	<u>(636,258)</u>	<u>18,291,594</u>
PROPERTY AND EQUIPMENT, NET	271,601	17,157,940	-	17,429,541
OTHER LONG-TERM ASSETS				
Investments	8,203,019	55,537,049	-	63,740,068
Investments Held in Trust	96,416	-	-	96,416
Grants and Gifts Receivable, Net of Current Portion	-	918,954	-	918,954
Total Other Long-Term Assets	<u>8,299,435</u>	<u>56,456,003</u>	<u>-</u>	<u>64,755,438</u>
Total Assets	<u>\$ 18,079,971</u>	<u>\$ 83,032,860</u>	<u>\$ (636,258)</u>	<u>\$ 100,476,573</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 925,551	\$ 315,481	\$ -	\$ 1,241,032
Notes Payable	18,497	750,000	-	768,497
Grants Payable	5,000	2,034,135	-	2,039,135
Intercompany Payable	-	636,258	(636,258)	-
Deferred Revenue	6,656,117	5,032,427	-	11,688,544
Accrued Expenses	2,679,504	243,201	-	2,922,705
Total Current Liabilities	<u>10,284,669</u>	<u>9,011,502</u>	<u>(636,258)</u>	<u>18,659,913</u>
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	6,337	10,685,955	-	10,692,292
Funds Held for Others	-	6,514,784	-	6,514,784
Deferred Compensation	96,416	-	-	96,416
Deferred Revenue, Net of Current Portion	3,014,930	-	-	3,014,930
Grants Payable, Net of Current Portion	9,599	722,432	-	732,031
Total Long-Term Liabilities	<u>3,127,282</u>	<u>17,923,171</u>	<u>-</u>	<u>21,050,453</u>
Total Liabilities	13,411,951	26,934,673	(636,258)	39,710,366
NET ASSETS				
Unrestricted	4,484,592	53,143,759	-	57,628,351
Temporarily Restricted	183,428	2,816,178	-	2,999,606
Permanently Restricted	-	138,250	-	138,250
Total Net Assets	<u>4,668,020</u>	<u>56,098,187</u>	<u>-</u>	<u>60,766,207</u>
Total Liabilities and Net Assets	<u>\$ 18,079,971</u>	<u>\$ 83,032,860</u>	<u>\$ (636,258)</u>	<u>\$ 100,476,573</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 5,997,411	\$ 6,380,165	\$ -	\$ 12,377,576
Grants and Gifts Receivable, Net	-	1,848,414	-	1,848,414
Accounts Receivable	1,006,810	331,444	-	1,338,254
Intercompany Receivable	619,609	-	(619,609)	-
Prepaid Expenses	407,387	525,491	-	932,878
Other Assets	111,974	986	-	112,960
Total Current Assets	<u>8,143,191</u>	<u>9,086,500</u>	<u>(619,609)</u>	<u>16,610,082</u>
PROPERTY AND EQUIPMENT, NET	312,336	17,950,852	-	18,263,188
OTHER LONG-TERM ASSETS				
Investments	7,447,694	49,209,148	-	56,656,842
Grants and Gifts Receivable, Net of Current Portion	-	809,932	-	809,932
Total Other Long-Term Assets	<u>7,447,694</u>	<u>50,019,080</u>	<u>-</u>	<u>57,466,774</u>
Total Assets	<u>\$ 15,903,221</u>	<u>\$ 77,056,432</u>	<u>\$ (619,609)</u>	<u>\$ 92,340,044</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 600,939	\$ 340,098	\$ -	\$ 941,037
Notes Payable	17,697	750,000	-	767,697
Grants Payable	5,000	1,547,267	-	1,552,267
Intercompany Payable	-	619,609	(619,609)	-
Deferred Revenue	6,302,695	3,944,188	-	10,246,883
Accrued Expenses	2,262,769	204,318	-	2,467,087
Total Current Liabilities	<u>9,189,100</u>	<u>7,405,480</u>	<u>(619,609)</u>	<u>15,974,971</u>
LONG-TERM LIABILITIES				
Note Payable, Net of Current Portion	24,006	11,423,811	-	11,447,817
Funds Held for Others	-	5,876,776	-	5,876,776
Deferred Revenue, Net of Current Portion	4,017,636	-	-	4,017,636
Grants Payable, Net of Current Portion	14,273	597,048	-	611,321
Total Long-Term Liabilities	<u>4,055,915</u>	<u>17,897,635</u>	<u>-</u>	<u>21,953,550</u>
Total Liabilities	13,245,015	25,303,115	(619,609)	37,928,521
NET ASSETS				
Unrestricted	2,510,611	48,862,853	-	51,373,464
Temporarily Restricted	147,595	2,802,214	-	2,949,809
Permanently Restricted	-	88,250	-	88,250
Total Net Assets	<u>2,658,206</u>	<u>51,753,317</u>	<u>-</u>	<u>54,411,523</u>
Total Liabilities and Net Assets	<u>\$ 15,903,221</u>	<u>\$ 77,056,432</u>	<u>\$ (619,609)</u>	<u>\$ 92,340,044</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE				
Royalties	\$ 7,087,153	\$ 5,217,785	\$ -	\$ 12,304,938
Membership	8,204,391	770,000	-	8,974,391
Conference and Educational Fees	150,395	11,355,798	(3,300)	11,502,893
Grants and Gifts	45,000	2,394,263	-	2,439,263
Product Sales	369,113	61,750	-	430,863
Publishing Fees	6,503,476	-	-	6,503,476
Management and Service Fees	2,008,747	1,341,538	(2,969,114)	381,171
Other	70,142	14,485	-	84,627
Investment Income	780,364	42,329	-	822,693
Net Assets Released From Restrictions	327,000	4,581,318	-	4,908,318
Total Support and Revenue	<u>25,545,781</u>	<u>25,779,266</u>	<u>(2,972,414)</u>	<u>48,352,633</u>
EXPENSES				
Program Expenses:				
Grants and Awards	82,405	4,985,311	-	5,067,716
Clinical Practice	-	3,109,278	-	3,109,278
Membership	6,249,335	279,821	-	6,529,156
Education	916,539	13,628,094	-	14,544,633
Products	108,227	-	-	108,227
Publications	5,201,632	-	-	5,201,632
Advocacy	3,827,295	320,278	(3,300)	4,144,273
Total Program Expenses	<u>16,385,433</u>	<u>22,322,782</u>	<u>(3,300)</u>	<u>38,704,915</u>
Support Services:				
Development	-	184,110	-	184,110
General and Administrative	7,186,367	2,842,636	(2,969,114)	7,059,889
Total Support Service Expenses	<u>7,186,367</u>	<u>3,026,746</u>	<u>(2,969,114)</u>	<u>7,243,999</u>
Total Expenses	<u>23,571,800</u>	<u>25,349,528</u>	<u>(2,972,414)</u>	<u>45,948,914</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME				
	1,973,981	429,738	-	2,403,719
Nonoperating Investment Income	<u>-</u>	<u>3,851,168</u>	<u>-</u>	<u>3,851,168</u>
CHANGE IN UNRESTRICTED NET ASSETS	1,973,981	4,280,906	-	6,254,887
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
Grants and Gifts	362,833	4,577,768	-	4,940,601
Investment Income	-	17,514	-	17,514
Net Assets Released From Restrictions	<u>(327,000)</u>	<u>(4,581,318)</u>	<u>-</u>	<u>(4,908,318)</u>
Change in Temporarily Restricted Net Assets	35,833	13,964	-	49,797
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS				
Grants and Contributions	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
TOTAL CHANGE IN NET ASSETS	2,009,814	4,344,870	-	6,354,684
Net Assets - Beginning of Year	<u>2,658,206</u>	<u>51,753,317</u>	<u>-</u>	<u>54,411,523</u>
NET ASSETS - END OF YEAR	<u>\$ 4,668,020</u>	<u>\$ 56,098,187</u>	<u>\$ -</u>	<u>\$ 60,766,207</u>

**AMERICAN ACADEMY OF NEUROLOGY AND
AMERICAN ACADEMY OF NEUROLOGY INSTITUTE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	American Academy of Neurology	The American Academy of Neurology Institute	Eliminations	Consolidated
CHANGES IN UNRESTRICTED NET ASSETS				
SUPPORT AND REVENUE				
Royalties	\$ 6,792,964	\$ 5,054,885	\$ -	\$ 11,847,849
Membership	7,933,781	750,000	-	8,683,781
Conference and Educational Fees	181,234	10,540,698	(9,600)	10,712,332
Grants and Gifts	21,810	2,671,497	-	2,693,307
Product Sales	455,460	109,750	-	565,210
Publishing Fees	5,718,631	-	-	5,718,631
Management and Service Fees	1,767,077	1,549,197	(2,934,233)	382,041
Other	62,742	41,743	-	104,485
Investment Income (Loss)	(160,111)	23,606	-	(136,505)
Net Assets Released From Restrictions	361,900	3,786,338	-	4,148,238
Total Support and Revenue	<u>23,135,488</u>	<u>24,527,714</u>	<u>(2,943,833)</u>	<u>44,719,369</u>
EXPENSES				
Program Expenses:				
Grants and Awards	196,080	4,989,952	-	5,186,032
Clinical Practice	-	2,883,765	-	2,883,765
Membership	5,702,034	198,121	(5,700)	5,894,455
Education	930,739	12,445,268	-	13,376,007
Products	216,871	-	-	216,871
Publications	5,007,993	-	-	5,007,993
Advocacy	3,818,243	262,857	(3,900)	4,077,200
Total Program Expenses	<u>15,871,960</u>	<u>20,779,963</u>	<u>(9,600)</u>	<u>36,642,323</u>
Support Services:				
Development	-	251,835	-	251,835
General and Administrative	6,552,878	2,547,751	(2,934,233)	6,166,396
Total Support Service Expenses	<u>6,552,878</u>	<u>2,799,586</u>	<u>(2,934,233)</u>	<u>6,418,231</u>
Total Expenses	<u>22,424,838</u>	<u>23,579,549</u>	<u>(2,943,833)</u>	<u>43,060,554</u>
CHANGE IN UNRESTRICTED NET ASSETS BEFORE NONOPERATING INVESTMENT INCOME				
	710,650	948,165	-	1,658,815
Nonoperating Investment Loss	<u>-</u>	<u>(346,198)</u>	<u>-</u>	<u>(346,198)</u>
CHANGE IN UNRESTRICTED NET ASSETS	710,650	601,967	-	1,312,617
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS				
Grants and Gifts	326,691	4,827,095	-	5,153,786
Investment Income	-	(1,281)	-	(1,281)
Net Assets Released From Restrictions	<u>(361,900)</u>	<u>(3,786,338)</u>	<u>-</u>	<u>(4,148,238)</u>
Change in Temporarily Restricted Net Assets	<u>(35,209)</u>	<u>1,039,476</u>	<u>-</u>	<u>1,004,267</u>
TOTAL CHANGE IN NET ASSETS	675,441	1,641,443	-	2,316,884
Net Assets - Beginning of Year	<u>1,982,765</u>	<u>50,111,874</u>	<u>-</u>	<u>52,094,639</u>
NET ASSETS - END OF YEAR	<u>\$ 2,658,206</u>	<u>\$ 51,753,317</u>	<u>\$ -</u>	<u>\$ 54,411,523</u>