



American Diabetes Association

Consolidated Financial Statements and
Supplementary Information
Year Ended December 31, 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



American Diabetes Association

Consolidated Financial Statements and Supplementary Information
Year Ended December 31, 2023

American Diabetes Association

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Independent Auditor's Report

Board of Directors
American Diabetes Association
Arlington, Virginia

Opinion

We have audited the consolidated financial statements of American Diabetes Association, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of American Diabetes Association as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of American Diabetes Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Diabetes Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 American Diabetes Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Diabetes Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Report on Summarized Comparative Information

We have previously audited the American Diabetes Association's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, P.C.

McLean, Virginia
May 28, 2024

Consolidated Financial Statements

American Diabetes Association

Consolidated Statement of Financial Position December 31, 2023 (With Summarized Comparative Totals for 2022)

(in thousands)

December 31,	2023	2022
Assets		
Cash and cash equivalents	\$ 72,765	\$ 61,074
Investments	49,337	44,330
Investment in real estate	12,818	12,818
Accounts receivable, net	9,434	8,779
Inventory and supplies	332	337
Prepaid expenses and other assets	3,171	3,147
Contributions receivable, net	55,157	52,565
Right-of-use assets- operating leases	14,018	15,944
Property and equipment, net	3,067	4,240
Interest in perpetual trusts	11,899	11,105
Total assets	\$ 231,998	\$ 214,339
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 8,492	\$ 8,197
Research grants payable	17,434	15,769
Refundable advances	202	-
Deferred revenue	6,059	6,204
Lease liabilities- operating leases	23,967	27,149
Total liabilities	56,154	57,319
Commitments and contingencies		
Net assets		
Without donor restrictions	95,634	72,034
With donor restrictions	80,210	84,986
Total net assets	175,844	157,020
Total liabilities and net assets	\$ 231,998	\$ 214,339

See accompanying notes to consolidated financial statements.

American Diabetes Association

Consolidated Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2023 (With Summarized Comparative Totals for 2022)

(in thousands)

<i>Year ended December 31,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total (Summarized)
Revenue:				
Contributions and grants:				
Contributions of cash and other financial assets	\$ 22,210	\$ 35,166	\$ 57,376	\$ 51,328
Contributions of non-financial assets	593	3,798	4,391	4,092
Special events	10,117	2,132	12,249	10,297
Less: costs of direct benefits to donors	(1,795)	-	(1,795)	(1,516)
Bequests	23,548	14,701	38,249	29,623
Federated and nonfederated organizations	1,891	11	1,902	2,104
Total contributions and grants	56,564	55,808	112,372	95,928
Fees from exchange transactions:				
Subscriptions and other income from periodicals	6,337	-	6,337	7,491
Sales of materials	680	-	680	538
Program service fees	12,867	-	12,867	12,354
Other revenue	2,619	-	2,619	2,534
Total fees from exchange transactions	22,503	-	22,503	22,917
Investment return, net	7,751	2,048	9,799	(5,306)
Net assets released from donor restrictions	62,632	(62,632)	-	-
Total revenue	149,450	(4,776)	144,674	113,539
Expenses:				
Program activities:				
Research	31,628	-	31,628	31,681
Information	47,321	-	47,321	41,192
Advocacy and public awareness	16,557	-	16,557	14,367
Total program activities	95,506	-	95,506	87,240
Supporting services:				
Management and general	11,084	-	11,084	7,457
Fundraising	19,260	-	19,260	18,563
Total supporting services	30,344	-	30,344	26,020
Total expenses	125,850	-	125,850	113,260
Change in net assets	23,600	(4,776)	18,824	279
Net assets, beginning of year	72,034	84,986	157,020	156,741
Net assets, end of year	\$ 95,634	\$ 80,210	\$ 175,844	\$ 157,020

See accompanying notes to consolidated financial statements.

American Diabetes Association

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023 (With Summarized Comparative Totals for 2022)

(in thousands)

<i>Year ended December 31,</i>	Program activities				Supporting services			2023 Total	2022 Total
	Research	Information	Advocacy and public awareness	Total	Management and general	Fundraising	Total		
Employee costs	\$ 2,832	\$ 17,127	\$ 8,495	\$ 28,454	\$ 4,882	\$ 8,091	\$ 12,973	\$ 41,427	\$ 35,639
Professional fees	1,299	15,706	4,270	21,275	1,702	3,383	5,085	26,360	23,146
Grants	21,070	894	193	22,157	-	-	-	22,157	22,120
Printing and publications	747	3,614	1,081	5,442	45	4,267	4,312	9,754	8,862
Conferences and meetings	5,211	1,042	96	6,349	6	71	77	6,426	6,104
Miscellaneous	78	838	546	1,462	3,421	764	4,185	5,647	2,465
Occupancy cost	200	3,010	634	3,844	342	604	946	4,790	4,891
Supplies	12	2,493	270	2,775	46	78	124	2,899	2,634
Postage and shipping	45	530	326	901	29	1,232	1,261	2,162	2,011
Depreciation and amortization	32	324	341	697	470	454	924	1,621	2,214
Travel	57	801	184	1,042	80	141	221	1,263	712
Data processing	12	627	17	656	-	75	75	731	1,546
Equipment rental and maintenance	16	157	52	225	31	52	83	308	478
Telecommunications	17	158	52	227	30	48	78	305	438
	\$ 31,628	\$ 47,321	\$ 16,557	\$ 95,506	\$ 11,084	\$ 19,260	\$ 30,344	\$ 125,850	\$ 113,260

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Cash Flows

For the Year Ended December 31, 2023 (with Summarized Comparative Totals for 2022)

(in thousands)

Year ended December 31,	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 18,824	\$ 279
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,621	2,214
Net unrealized and realized (gains) losses on investments	(4,561)	8,617
Loss on disposal of property and equipment	73	5
Provisions for doubtful receivables and obsolete inventory	406	496
Restricted distributions of perpetual trusts	49	-
Donated securities	(226)	(1,440)
Proceeds from donated securities	226	1,440
Non-cash lease expense	1,926	1,943
(Increase) decrease in:		
Accounts receivable	(901)	(169)
Inventory and supplies	(26)	(74)
Prepaid expenses and other assets	(24)	(899)
Contributions receivable	(2,721)	2,163
Increase (decrease) in:		
Accounts payable and accrued liabilities	295	2,151
Research grants payable	1,665	11,866
Refundable advances	202	(2,233)
Operating lease liabilities	(3,182)	(3,130)
Deferred revenue	(145)	368
Net cash provided by operating activities	13,501	23,597
Cash flows from investing activities:		
Purchases of investments	(56,033)	(53,862)
Sales or maturities of investments	54,744	51,694
Purchases of property and equipment	(521)	(872)
Net cash used in investing activities	(1,810)	(3,040)
Net increase in cash and cash equivalents	11,691	20,557
Cash and cash equivalents, beginning of year	61,074	40,517
Cash and cash equivalents, end of year	\$ 72,765	\$ 61,074
Supplemental disclosure of cash flow information:		
Operating right-of-use assets obtained in exchange for operating lease liabilities	\$ 85	\$ 19,689

See accompanying notes to consolidated financial statements.

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Notes to the Consolidated Financial Statements

1. Consolidation and Organization

The consolidated financial statements include the American Diabetes Association and the American Diabetes Association Property Title Holding Corporation (PTHC), which was formed to hold an investment in real estate (collectively referred to as “ADA”). All significant inter-Association transactions have been eliminated in consolidation.

The American Diabetes Association is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and charitable contributions to the organization qualifies for tax deductions as described in the Code. PTHC is generally exempt from income taxes under Section 501(c)(2) of the Code. These entities are subject to taxation on any net unrelated business income and have been classified as organizations that are not private foundations under Section 509(a) of the Code.

ADA recognizes the effect of income tax positions only if those positions more likely than not would not be sustained upon examination by the Internal Revenue Service. ADA has analyzed the tax positions taken and has concluded that as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. ADA is open to examination by taxing authorities for the years ended December 31, 2020 and forward.

2. Program Activities

ADA is a not-for-profit voluntary health agency that works to prevent and cure diabetes and to improve the lives of all people affected by diabetes. This mission is accomplished through programs in communities throughout the country. The principal program activities of ADA are as follows:

Research - ADA provides financial support to researchers who are seeking knowledge in the following areas:

- The prevention and cure of diabetes
- The prevention and cure of the complications of diabetes
- New and improved therapies for individuals affected by diabetes

Information - ADA conducts programs that provide diabetes information to individuals with diabetes, their families, and their healthcare providers.

Advocacy and public awareness - ADA acts as an advocate for people with diabetes by delivering programs with important diabetes messages to the general public and to all levels of the government.

3. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of ADA have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

American Diabetes Association

Notes to the Consolidated Financial Statements

Net assets

The net assets and revenues, gains, and losses of ADA are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ADA are classified and reported into the two categories, net assets without donor restrictions and net assets with donor restrictions, as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. These net assets generally result from providing services and receiving contributions without donor restrictions, restricted gifts whose donor-imposed restrictions were met during the fiscal year less expenses incurred in providing services, raising contributions, and performing administrative functions.

Net assets with donor restrictions - Net assets with donor restrictions are subject to stipulations imposed by donors. These net assets generally result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ADA pursuant to those stipulations. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit ADA to use the income earned on related investments for operations or specific purposes.

When a donor restriction expires as a result of a stipulated time restriction ending or purpose restriction being accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are defined as currency on hand, demand deposits with banks or financial institutions, federally insured certificates of deposit with original maturities of less than three months, money market funds of U.S. government securities, and other amounts that have the general characteristics of demand deposits. ADA has classified any cash or money market accounts held by external investment managers as investments as these funds are intended to be part of ADA's long-term investment strategy.

Investments

Investments in marketable equity securities and all debt securities are recorded at fair value, which is based on quoted market prices or dealer quotes. Alternative investments may include absolute return funds and private capital funds for which there may be no ready market to determine fair value. For these investments, ADA has concluded that either the net asset values or the ownership percentage of the fund's net assets approximate the fair value of the investments. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

Investments are exposed to certain risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities and the volatility in the capital markets, changes in the value of investment securities could occur in the near term, and those

American Diabetes Association

Notes to the Consolidated Financial Statements

investment values could materially differ from the amounts reported in the accompanying consolidated financial statements.

Investment in Real Estate

The investment in real estate represents a 1998 donor bequest that restricted ADA from selling the property for 25 years. This investment in real estate was included in donor restricted gift amounts (see Note 11) through 2023. During 2023, the donor restriction was released from restriction but remains an investment property. The investment in real estate was reported at the fair value at the time of the donation which established historical cost. The investment in real estate is evaluated for impairment on an annual basis. The property is leased to corporations and derives monthly rental income that is reported in net investment return in the consolidated statement of activities and changes in net assets (see Note 16).

Accounts Receivable and Allowance for Credit Losses

ADA's receivables consist of amounts due for program service fees, publications, advertising, land rental (see Note 16), and other exchange transactions.

ADA recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the financial position date. Such allowance is based on the credit losses expected to arise over the contractual term which includes consideration of prepayments and is based on our expectation as of the financial position date.

Assets are written off when ADA determines that such financial assets are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the financial position date.

ADA pools its accounts receivable based on similar risk characteristics and types of receivables in estimating expected credit losses. ADA continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

Inventory

Inventory comprises primarily publications and is valued at the lower of cost (first-in, first-out method) or market at net realizable value. Annually, the inventory value is reviewed and items with net realizable value less than cost are written off.

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Notes to the Consolidated Financial Statements

Contributions Receivable

Unconditional promises to give, including grants, contributions and bequests that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a risk-adjusted rate at the time of the contribution ranging from 0.8% to 5.0%. Accretion of the discount is included in contribution revenue. ADA records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections and specific identification of uncollectible accounts.

Property and Equipment

All property and equipment greater than \$1,000 are capitalized at cost or fair value on the date of receipt and are depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvements	10 years or life of lease if shorter
Furniture, fixtures, and equipment	5 years
Software	5-7 years

If donors stipulate the purpose for which the assets must be used and/or how long the assets must be held, the contributions are recorded with donor restrictions, otherwise such donations are reported as contributions without donor restrictions. Land is not depreciated or amortized.

Split-Interest Agreements

ADA receives certain planned gift donations that benefit not only ADA, but also the donor or another beneficiary designated by the donor. These contributions are termed split-interest agreements and are generally gifts to be received by ADA in the future. ADA benefits from the following types of split-interest agreements: perpetual trusts, charitable lead and remainder trusts, gift annuities, and a pooled income fund.

ADA's share of split-interest agreements is included in investments, contributions receivable, or interest in perpetual trusts. Assets of approximately \$23,260,000 and \$21,114,000 are reported in the consolidated statement of financial position as of December 31, 2023 and 2022, respectively. When applicable, amounts to be received in future periods are discounted using a rate of Security Overnight Financing Rate (SOFR) plus 1.25% based on the expected term of the split-interest agreements. The rate for 2023 and 2022 was 6.6% and 6.4%, respectively.

Amounts payable to beneficiaries, gift annuities payable, and pooled income fund liabilities of approximately \$745,000 and \$768,000 are reported as accrued liabilities in the consolidated statements of financial position as of December 31, 2023 and 2022, respectively.

Leases

A contract is determined to contain a lease if the contract conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration.

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Notes to the Consolidated Financial Statements

GAAP requires recognition of lease liabilities and related right-of-use assets in the consolidated statement of financial position. Lessees are required to recognize a lease liability measured on a discounted basis, which is the lessee's obligation to make lease payments arising from a lease, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Both financing leases and operating leases create right-of-use assets and lease liabilities. ADA does not have any existing leases that are classified as financing leases.

ADA made an accounting policy election to use a risk-free discount rate, commensurate with the term of the lease on the adoption of FASB Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) or commencement date of any new leases, to determine the present value of the lease payments for each lease agreement.

Short-term leases with terms of one year or less that do not include an option to purchase the underlying asset are not included in the measurement of lease assets and liabilities, and accordingly, lease expense is recognized over the term of the lease.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions and Grants and Refundable Advances

All unconditional contributions and grants, including donations, those related to special events, and those related to federated and non-federated organizations, are recognized when received and are considered available for the general programs of ADA unless specifically restricted by the donor. ADA reports monetary gifts as support with donor restrictions if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restriction.

ADA records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of gift using risk-adjusted interest rates applicable to the years in which the promised funds are expected to be received. Accretion of the discounts is recognized as contribution revenue.

ADA is the beneficiary under various wills and trust agreements. Contributions received under such arrangements are recorded when a will is declared valid by a probate court and the proceeds are measurable.

Conditional promises to give are those with a measurable performance or other barrier and right of return. ADA recognizes conditional promises to give when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote.

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Notes to the Consolidated Financial Statements

As of December 31, 2023, ADA had three conditional gifts totaling \$202,000 and as of December 31, 2022, ADA had no conditional gifts. These amounts are classified as refundable advances in the accompanying consolidated statement of financial position and will be recognized as revenue as the projects progress and conditions related to performance are met, generally as expenses are incurred.

Contributions of Non-financial Assets

ADA received contributions of non-financial assets during the years ended December 31, 2023 and 2022, as follows (in thousands):

<i>(in thousands)</i>	2023	2022	Utilization in Programs / Activities	Valuation Techniques and Inputs
Supplies	\$ 1,561	\$ 1,629	Utilized within in public health information	Medical supplies are valued at estimated fair value based on current value for similar supplies that are purchased or on retail values if none are purchased.
Professional services	2,237	1,471	Utilized within public health information and research	Contributed services from medical and scientific professionals are valued at the estimated fair values based on weighted average salary data across all disciplines and regions of the country. Contributed services from other professionals are valued at estimated fair value based on current rates for similar provided services.
Database and software	420	505	Utilized primarily within public health and professional information and fundraising	Valued at estimated fair value based on the cost of similar software products.
Vehicles	173	487	Monetized for use throughout all programs and activities.	All vehicles are sold and valued according to the actual cash proceeds on their disposition.
	\$ 4,391	\$ 4,092		

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Notes to the Consolidated Financial Statements

ADA recognizes contributions of non-financial assets at their estimated fair value at date of donation. ADA recognizes contributions of services received if the services received create or enhance nonfinancial assets or if the services require specialized skills and would typically need to be purchased if not provided by donation.

It is ADA's policy to monetize vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. No vehicles received during the period were restricted for use. All vehicles were sold and valued according to the actual cash proceeds on disposition.

In addition, ADA receives services from a large number of volunteers who give significant amounts of their time to ADA's programs, fundraising campaigns, and management. No amounts have been reflected for these types of contributed services, as they do not meet the criteria for recognition.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when ADA satisfies a performance obligation by transferring a promised good to or performing a service for, a customer. The amount of revenue recognized reflects the consideration ADA expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, ADA combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the consolidated statement of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts with customers, ADA recognizes revenue as follows:

Fees from Exchange Transactions and Deferred Revenue

ADA records revenue from exchange transactions as increases in net assets without donor restrictions to the extent that the earnings process is complete. Resources received in exchange transactions are recognized as deferred revenue to the extent the earnings process has not yet been completed. These transactions include the following:

Subscriptions and other income from periodicals include member dues and fees, publication and journal subscriptions and advertising revenue. Member dues and fees and publication and journal subscriptions are recognized ratably over the term which is generally one year. Advertising revenue is recognized at a point in time when the advertisement is published.

Sales of materials is revenue from the sale of professional and consumer books and other publications and is recognized at a point in time when shipped from warehouses maintained by ADA vendors.

Program service fees results from registration fees paid for professional events and youth and family activities and from booth and other space rentals at our professional events. Revenue for such activities is recognized at a point in time when the related event occurs.

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Notes to the Consolidated Financial Statements

Other revenue relates primarily to royalties, translation rights and permissions. Such revenue is earned based on the performance obligations. Under fixed fee arrangements, revenue is earned ratably over the period of the agreement for allowing the third-party organizations to use ADA's intellectual property. Under variable agreements, revenue is recognized in the period in which the sale of goods utilizing ADA's intellectual property are reported.

Research Program

Research grants awarded by ADA generally extend over a period of one to five years, subject to renewal on an annual basis. These are considered to be unconditional and the liability and related expenses are recorded when the recipients are notified of their annual award amount. The liability is recorded as research grants payable in the consolidated statement of financial position.

Management Estimates and Uncertainties

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

Functional Allocation of Expenses

Expenses have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Expenses, which include some occupancy costs related to camps that are specifically associated with a programmatic activity or supporting service are allocated to that activity. Employee costs are allocated based on employee time attributed to each programmatic activity or supporting service. Overhead costs, which include office occupancy and other costs are allocated based on a weighted average of employee costs attributed to each programmatic activity or supporting service.

Joint Cost Activity

Costs associated with the development and distribution of mail pieces that include a call to action along with fundraising component, as described further in Note 12, are allocated based on the proportion of space used for each purpose to each programmatic activity or supporting services.

Concentrations of credit risk

ADA maintains its cash balance in bank deposit accounts, which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits up to \$250,000. ADA has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

Credit risk with respect to account and contributions receivable is mitigated by ADA through the creation of allowances for uncollectible receivables and the discounting of long-term contributions to present value. ADA also believe the credit risk is limited due to the diversity of its donor and customer base and the size of the amount owed.

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Notes to the Consolidated Financial Statements

Summarized Financial Information

The consolidated statements of financial position, of activities and changes in net assets, and of functional expenses include certain summarized comparative information for the year ended December 31, 2022. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with ADA's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Recently Adopted Authoritative Guidance

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326). The guidance requires entities to record an allowance for expected credit losses over the contractual term of certain financial assets, including trade receivables and contract assets, and expands disclosure requirements for credit quality of financial assets. ADA adopted this standard effective January 1, 2023 using the modified retrospective method. The adoption of this standard did not have a material impact on the consolidated financial statements and disclosures.

4. Liquidity and Availability

ADA funds its operations through contributions and grants and through fees from exchange transactions. ADA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash required to meet operating needs is invested in short term accounts. ADA's policy is to manage its financial assets and budget to meet its general expenditure needs.

American Diabetes Association

Notes to the Consolidated Financial Statements

The following is a reconciliation of ADA's financial assets as of December 31, 2023 and 2022 to financial assets available to fund ADA's general expenditures for the following year (in thousands). General expenditures include all programmatic and supporting operating expenditures.

<i>December 31,</i>	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 72,765	\$ 61,074
Investments	49,337	44,330
Accounts receivable, net of allowance	9,434	8,779
Contributions receivable, net	55,157	52,565
Interest in perpetual trusts	11,899	11,105
Total financial assets	198,592	177,853
Adjustments for amounts not available for general expenditures within one year:		
Perpetual and term endowments	(22,635)	(19,723)
Accounts receivable due after one year, net	(7,408)	(7,416)
Contributions receivable due after one year, net	(18,594)	(17,233)
Split interest obligations	(745)	(768)
Donor restricted net assets that are not expected to be spent within one year	(8,556)	(11,330)
	\$ 140,654	\$ 121,383

5. Investments

Investments as of December 31 consist of the following (in thousands):

	2023	2022
Equity mutual funds	\$ 27,162	\$ 8,452
Corporate equities	11,523	12,221
Alternative investments	3,525	3,539
Fixed-income mutual funds	3,263	18,129
U.S. government securities	3,192	-
Money market funds	562	1,331
Certificates of deposit	110	658
Total investments	\$ 49,337	\$ 44,330

Investments as of December 31, 2023 and 2022 include gift annuity investments of approximately \$940,000 and \$822,000, respectively. The gift annuity investments consist of money market funds and equity mutual funds. The fair value of gift annuity obligations under those agreements was approximately \$745,000 and \$768,000, respectively. These amounts are included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position. Reserves for gift annuities are held in separate investment accounts at a value equal to the original gift plus accrued income less beneficiary payments.

American Diabetes Association

Notes to the Consolidated Financial Statements

Net investment return consists of the following (in thousands):

<i>Years ended December 31,</i>		2023		2022
Property rental income, net (Note 16)	\$	1,725	\$	1,773
Net realized and unrealized gains (losses)		4,561		(8,617)
Interest and dividends		3,724		1,748
Investment fees		(211)		(210)
Total investment return, net	\$	9,799	\$	(5,306)

6. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value reflects ADA's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by ADA based on the best information available in the circumstances.

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

American Diabetes Association

Notes to the Consolidated Financial Statements

The following table presents the fair value hierarchy for ADA's financial assets and liabilities that are measured at fair value on a recurring basis as follows (in thousands):

<i>Description</i>	As of December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Corporate equities	\$ 11,523	\$ 11,523	\$ -	-
U.S. Government Securities	3,192	-	3,192	-
Mutual funds and others:				
Fixed-income mutual funds	3,263	3,263	-	-
Equity mutual funds	27,162	27,162	-	-
Money Market Funds	562	562	-	-
Total mutual funds and others	30,987	30,987	-	-
Total investments at fair value	45,702	42,510	3,192	-
Alternative investments reported at NAV (a)	3,525			
Certificates of deposit	110			
Total investments	\$ 49,337			
Interest in perpetual trusts (b)	\$ 11,899	\$ -	\$ -	11,899
Funds held in remainder trusts (c) (Note 8)	10,421	-	-	10,421
Total fair value of other assets	\$ 22,320	\$ -	\$ -	22,320
Financial liabilities:				
Split-interest obligations (d) (Note 3)	\$ 745	\$ -	\$ -	745
Total fair value of liabilities	\$ 745	\$ -	\$ -	745

American Diabetes Association

Notes to the Consolidated Financial Statements

<i>Description</i>	As of December 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial Assets:				
Investments				
Corporate equities	\$ 12,221	\$ 12,221	-	-
Mutual funds and others:				
Fixed-income mutual funds	18,129	18,129	-	-
Equity mutual funds	8,452	8,452	-	-
Money Market Funds	1,331	1,331	-	-
Total mutual funds and others	27,912	27,912	-	-
Total investments at fair value	40,133	40,133	-	-
Alternative investments reported at NAV (a)				
Certificates of deposit	3,539			
	658			
Total investments	\$ 44,330			
Interest in perpetual trusts (b)	\$ 11,105	-	-	11,105
Funds held in remainder trusts (c) (Note 8)	9,188	-	-	9,188
Total fair value of other assets	\$ 20,293	-	-	20,293
Financial liabilities:				
Split-interest obligations (d) (Note 3)	\$ 768	-	-	768
Total fair value of liabilities	\$ 768	-	-	768

(a) These investments invest in funds that are measured at NAV. The fair value of these investments has been estimated either by using the NAV per share of the investments or the ownership percentage of the fund's net assets as allowed as a practical expedient under fair value guidance.

(b) ADA's interest in perpetual trusts is carried at the fair value of ADA's share of the trust assets. Distributions from the trusts are recorded as investment income and the trust values are adjusted annually for changes in the fair value of the trust assets.

(c) Funds held in remainder trusts are measured at the present value of future distributions projected to be received over the expected remaining term of the trust, or upon the trust's expiration. Note 3 includes information about the discount rates used in determining the value of the assets.

(d) Split-interest obligations are measured as the present value of future cash flows expected to be paid to the donor or the donor's designee. These obligations are adjusted during the term of each annuity for payments to donors, accretion of discounts and changes in life expectancies of the donors.

American Diabetes Association

Notes to the Consolidated Financial Statements

There were no transfers of assets between Level 1, 2, 3 or NAV classifications for the years ended December 31, 2023 and 2022.

The following table is a roll forward for the consolidated statement of financial position amount for perpetual trusts and funds held in remainder trusts classified by ADA within Level 3 of the fair value hierarchy as follows (in thousands):

	Perpetual trusts	Funds held in remainder trusts
Balance, December 31, 2021	\$ 12,517	12,062
Contributions	-	102
Net investment loss	(1,412)	(2,648)
Distributions	-	(328)
Balance, December 31, 2022	11,105	9,188
Purchases/ contributions	-	525
Net investment gain	843	1,212
Distributions	(49)	(504)
Balance, December 31, 2023	\$ 11,899	\$ 10,421

ADA's investments that are valued at net asset value or its equivalent including general information related to each category, are as follows (in thousands):

	Fair Value 2023	Fair Value 2022	Unfunded commitments 2023	Redemption Frequency (if eligible)	Redemption Notice Period
Alternative Investments	\$ 3,525	\$ 3,539	\$ -	Monthly/quarterly /annually	45-90 days
	\$ 3,525	\$ 3,539	\$ -		

7. Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses of approximately \$985,000 and \$760,000 as of December 31, 2023 and 2022, respectively. Of the allowance amount, \$689,000 and \$655,000 as of December 31, 2023 and 2022, respectively, relates to the land rental (see Note 16).

American Diabetes Association

Notes to the Consolidated Financial Statements

8. Contributions Receivable

Contributions receivable consist of the following amounts due as of December 31, (in thousands):

	2023	2022
Within one year	\$ 37,463	\$ 36,210
One to five years	8,636	8,285
More than five years	-	85
	46,099	44,580
Less:		
Allowance for doubtful accounts	(900)	(904)
Present value discount	(463)	(299)
Subtotal	44,736	43,377
Funds held in remainder trusts	10,421	9,188
Contributions receivable, net	\$ 55,157	\$ 52,565

9. Property and Equipment

Property and equipment consist of the following as of December 31, (in thousands):

	2023	2022
Land	\$ 4	\$ 4
Leasehold improvements	5,808	5,827
Software	10,086	10,428
Furniture, fixtures and equipment	10,838	10,987
Total property and equipment	26,736	27,246
Less: accumulated depreciation and amortization	(23,669)	(23,006)
Property and equipment, net	\$ 3,067	\$ 4,240

Depreciation and amortization expense on property and equipment totaled approximately \$1,621,000 and \$2,214,000 for the years ended December 31, 2023 and 2022, respectively.

American Diabetes Association

Notes to the Consolidated Financial Statements

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31 (in thousands):

<i>As of December 31,</i>	2023	2022
Subject to expenditure for specified purpose and time:		
Research	\$ 9,889	\$ 1,382
Information	27,851	33,395
Advocacy	3,275	2,764
Sponsorship for fundraising activities	1,787	917
Future periods	14,773	13,987
Total subject to expenditure for specified purpose and time	57,575	52,445
Endowments and perpetual trusts:		
Research	4,470	4,017
Information	7,628	6,943
Advocacy	189	169
General operations of ADA	10,348	21,412
Total endowments and perpetual trusts	22,635	32,541
Total net assets with donor restrictions	\$ 80,210	\$ 84,986

Net assets were released from donor restrictions when expenses were incurred to satisfy the restricted purpose as specified by donors or for the passage of time. Expenditures of donor-restricted funds are released from the appreciation related to those funds to the extent allowed by the donors. Such net assets were released as follows (in thousands):

<i>Years ended December 31,</i>	2023	2022
Satisfaction of purpose and time restrictions:		
Research	\$ 10,181	\$ 15,005
Information	32,392	24,931
Advocacy	5,674	4,193
Sponsorship for fundraising activities	1,087	651
Future periods	13,249	815
Total satisfaction of purpose and time restrictions	62,583	45,595
Restricted purpose spending rate distribution:		
Research	-	1
Information	-	6
General operations of ADA	49	2
Total restricted purpose spending rate distribution	49	9
Total released from donor restrictions	\$ 62,632	\$ 45,604

American Diabetes Association

Notes to the Consolidated Financial Statements

11. Endowment

ADA's endowment consists of 42 individual donor restricted endowment funds and donor restricted term endowment funds established for a variety of purposes. ADA has no board-designated endowment funds.

ADA has interpreted the Virginia 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 endowed funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ADA classifies donor restricted net assets as (a) the original value of the gifts donated to a permanent endowment and (b) the original value of subsequent gifts to permanent endowments. The associated gains and income on donor-restricted endowed funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by ADA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, ADA 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 Endowment 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 ADA
- The investment policies of ADA

ADA has adopted an investment policy for endowment assets that provides continued financial stability for ADA and a revenue stream for spending on ADA's mission. Under this policy, as approved by the board of directors, ADA 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). ADA targets a diversified asset allocation that utilizes fixed income and equity-based investments to achieve its long-term objectives within prudent risk constraints. ADA expects its endowment funds, over time, to provide an average rate of return of approximately 7.5% annually.

ADA's endowment spending policy permits spending at a rate of 4.0% of the endowments' market value over a rolling five-year average. The long-term return of 7.5% and a spending rate of 4.0% are intended to maintain the purchasing power of the endowment.

At times, the fair value of assets associated with an individual donor restricted endowment fund may fall below the historic dollar value of the fund. During these periods, ADA does not spend income derived from underwater endowment funds but rather uses that income to replenish the corpus. Deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2023, funds with deficiencies have an original gift value of \$9.98 million a current fair value of \$9.66 million and deficiency of \$0.32 million. As of December 31, 2022, funds with deficiencies have an original gift value of \$9.98 million a current fair value of \$8.62 million and deficiency of \$1.36 million.

American Diabetes Association

Notes to the Consolidated Financial Statements

ADA's endowment funds are recorded with donor restrictions and consist of the following as of December 31 (in thousands):

<i>As of December 31,</i>	2023	2022
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donors:	\$ 11,056	\$ 22,801
Accumulated investment losses	(320)	(1,365)
Total endowment funds	\$ 10,736	\$ 21,436

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2021	\$ -	\$ 22,805	\$ 22,805
Investment return, net			
Investment income, net	1,773	(48)	1,725
Net depreciation	-	(1,312)	(1,312)
Appropriation for expenditure	(1,773)	(9)	(1,782)
Endowment net assets, December 31, 2022	\$ -	\$ 21,436	\$ 21,436
Investment return, net			
Investment income, net	1,725	101	1,826
Release of term endowment funds	-	(12,818)	(12,818)
Contributions	-	1,021	1,021
Net appreciation	-	1,045	1,045
Appropriation for expenditure	(1,725)	(49)	(1,774)
Endowment net assets, December 31, 2023	\$ -	\$ 10,736	\$ 10,736

12. Allocation of Joint Costs

ADA conducts activities to distribute information related to diabetes and a call to action, such as assessing a person's risk for diabetes and seeking appropriate health services, as well as an appeal for funds. The joint costs incurred through these activities for the years ended December 31 were allocated as follows (in thousands):

<i>Years ended December 31,</i>	2023	2022
Advocacy and public awareness	\$ 2,207	\$ 2,198
Management and general	78	99
Fundraising	8,150	8,180
Total joint costs	\$ 10,435	\$ 10,477

American Diabetes Association

Notes to the Consolidated Financial Statements

13. Pension Plans

ADA has two defined contribution pension plans that cover most salaried employees who have reached the age of 21 and completed one year of service. Pension expense for the years ended December 31, 2023 and 2022 was approximately \$1,071,000 and \$546,000, respectively.

14. Self-Insured Medical and Dental Benefits

ADA self-insures its employee medical and dental benefits. Losses from claims identified under the incident reporting system, as well as provisions for estimated losses for incurred but not reported incidents, are accrued based on estimates that incorporate the past experience of ADA, as well as other considerations, including the nature of the claims or incidents and relevant trend factors.

Self-insured risk for employee health benefits is secured through stop loss insurance policies that protect ADA should total claims exceed a specified limit in a plan year. This limit was approximately \$6,067,000 and \$4,400,000 in 2023 and 2022, respectively.

The liability as of December 31, 2023 and 2022 was approximately \$246,000 and \$253,000, respectively, and is included in accounts payable and accrued liabilities in the consolidated statement of financial position. Benefit expense under this plan was approximately \$3,351,000 and \$3,405,000 for the years ended December 31, 2023 and 2022, respectively. The benefit expense includes claims paid and changes to the reserve for future claims.

15. Bank Line-of- Credit

On November 28, 2018, the PTHC obtained a \$10,000,000 revolving line-of-credit with a bank. The line-of-credit bears interest at the rate of LIBOR plus 2.5% (4.3% as of December 31, 2022), is secured by real property of PTHC and is guaranteed by ADA. The line-of-credit expired on November 24, 2023.

On November 24, 2023, ADA obtained a \$10,000,000 revolving line-of-credit with a bank. The line-of-credit is unsecured and bears interest at the rate of SOFR plus 1.45% (6.83% as of December 31, 2023). ADA is subject to a financial covenant related to liquidity and certain other nonfinancial covenants. As of December 31, 2023, ADA is in compliance with and expects to remain in compliance with such covenants. There is no outstanding balance as of December 31, 2023 and 2022. The fees for the years ended December 31, 2023 and 2022 were approximately \$44,000 and \$57,000, respectively.

16. Leases

ADA has entered into both noncancelable lessor and lessee commitments. ADA determines if a contract contains a lease at the inception of a contract.

All of ADA's leases include fixed rental payments and there are no variable rental payments. ADA has elected the practical expedients to allow the lease and non-lease components not to be separated in the event the contract contains both and to not record leases with an initial term of 12 months or less in the consolidated statement of financial position. ADA leases property and equipment under short-term lease arrangements. These leases relate primarily to program execution and event storage facilities.

American Diabetes Association

Notes to the Consolidated Financial Statements

Leasing Arrangements as a Lessor

ADA holds leases on commercial land that was donated in 1998 through a bequest. As part of the bequest, the donor restricted ADA from selling the land for 25 years from the date of the donation. The restriction for the land expired in November 2023. These leases include options to renew, with varying option terms. The exercise of lease renewals, if available under the lease options, is considered in ADA's assessment of the respective lease term.

As of December 31, 2023, the future minimum lease rental income is as follows (in thousands):

Years ending December 31,

2024	\$	1,790
2025		1,799
2026		1,363
2027		1,347
2028		1,395
Thereafter		32,733
	\$	40,427

The rental income is recognized on a straight-line basis over the term of the leases. The accumulated difference between the rental income recognized and rental payments received recorded as deferred rent receivable, was approximately \$8,087,000 and \$8,062,000 as of December 31, 2023 and 2022, respectively, and is included in accounts receivable in the accompanying consolidated statement of financial position. Due to market conditions, management believes a significant risk exists that a portion of future rent revenue will not be recognized; therefore, an allowance against the deferred rent receivable has been recorded in the amount of \$689,000 and \$655,000 as of December 31, 2023 and 2022, respectively.

Leasing Arrangements as a Lessee

ADA is obligated under various noncancelable operating lease agreements for office, data warehousing facilities and office equipment expiring at various dates through July 2030. ADA has received improvements, equipment and other incentives from landlords and certain of these agreements contain cost escalations providing for increases in rental rates. The table below contains summarized information of the current and prior year lease amounts.

<i>Years ended December 31,</i>	2023	2022
Present value of future minimum lease payments	1.52%	1.51%
Weighted-average least term	6.4 Years	7.4 Years

American Diabetes Association
Notes to the Consolidated Financial Statements

Aggregate remaining maturities of operating lease liabilities as of December 31, 2023, are as follows:

Years ending December 31,

2024	\$	3,685
2025		3,759
2026		3,819
2027		3,894
2028		3,968
Thereafter		6,087
Total lease payments		25,212
Less: imputed interest		(1,245)
		\$ 23,967

Lease expenses consist of the following (in thousands):

<i>Years ended December 31,</i>	2023	2022
Operating lease expense	\$ 2,373	\$ 2,846
Short-term lease expense	2,045	1,563
Sublease income	-	(109)
Net lease expense	\$ 4,418	\$ 4,300

17. Subsequent Events

ADA has evaluated subsequent events through May 28, 2024 the date the consolidated financial statements were available to be issued. There were no events noted that required adjustment to or disclosure in the consolidated financial statements.

Supplemental Schedules



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Independent Auditor's Report on the Supplemental Schedules

Board of Directors
American Diabetes Association
Arlington, Virginia

Our audit of the consolidated financial statements of the American Diabetes Association included in the preceding section of this report was conducted for the purpose of forming an opinion on those consolidated statements as a whole. The supplemental schedules presented in the following section of this report 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, P.C.

McLean, Virginia
May 28, 2024

American Diabetes Association

Consolidating Schedule of Financial Position

(in thousands)

<i>December 31, 2023</i>	American Diabetes Association	Property Title Holding Corp	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 72,765	\$ -	\$ -	\$ 72,765
Investments	49,337	-	-	49,337
Investment in real estate	-	12,818	-	12,818
Intercompany receivables	6,918	100	(7,018)	-
Accounts receivable, net	1,916	7,518	-	9,434
Inventory and supplies, net	332	-	-	332
Prepaid expenses and other assets	3,171	-	-	3,171
Contributions receivable, net	55,157	-	-	55,157
Right-of-use asset- operating lease	14,018	-	-	14,018
Property and equipment, net	3,067	-	-	3,067
Interest in perpetual trusts	11,899	-	-	11,899
Total assets	\$ 218,580	\$ 20,436	\$ (7,018)	\$ 231,998
Liabilities and Net Assets				
Accounts payable and accrued liabilities	\$ 8,363	\$ 129	\$ -	\$ 8,492
Research grants payable	17,434	-	-	17,434
Intercompany payables	100	6,918	(7,018)	-
Refundable advances	202	-	-	202
Deferred revenue	5,488	571	-	6,059
Lease liability- operating lease	23,967	-	-	23,967
Total liabilities	55,554	7,618	(7,018)	56,154
Net assets:				
Without donor restrictions	82,816	12,818	-	95,634
With donor restrictions	80,210	-	-	80,210
Total net assets	163,026	12,818	-	175,844
Total liabilities and net assets	\$ 218,580	\$ 20,436	\$ (7,018)	\$ 231,998

American Diabetes Association

Consolidating Schedule of Activities and Change in Net Assets

(in thousands)

<i>Year ended December 31, 2023</i>	American Diabetes Association	Property Title Holding Corp	Eliminations	Total
Revenue:				
Contributions and grants:				
Contributions of cash and other financial assets	\$ 57,376	\$ -	\$ -	\$ 57,376
Contributions of non-financial assets	4,391	-	-	4,391
Special events	12,249	-	-	12,249
Less: costs of direct benefits to donors	(1,795)	-	-	(1,795)
Bequests	38,249	-	-	38,249
Federated and nonfederated organizations	1,902	-	-	1,902
Total contributions and grants	112,372	-	-	112,372
Fees from exchange transactions:				
Subscriptions and periodicals	6,337	-	-	6,337
Sale of materials	680	-	-	680
Program service fees	12,867	-	-	12,867
Miscellaneous revenues	2,619	-	-	2,619
Total fees from exchange transactions	22,503	-	-	22,503
Investment return, net	8,074	1,725	-	9,799
Intercompany revenues	1,725	42	(1,767)	-
Total revenue	144,674	1,767	(1,767)	144,674
Expenses:				
Program activities:				
Research	31,627	1	-	31,628
Information	47,313	8	-	47,321
Advocacy and public awareness	16,548	9	-	16,557
Total program activities	95,488	18	-	95,506
Management and general	11,072	12	-	11,084
Fundraising	19,248	12	-	19,260
Intercompany expenses	42	1,725	(1,767)	-
Total expenses	125,850	1,767	(1,767)	125,850
Change in net assets	18,824	-	-	18,824
Net assets, beginning of year	144,202	12,818	-	157,020
Net assets, end of year	\$ 163,026	\$ 12,818	\$ -	\$ 175,844