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Message from the Executive Director 2017 Financial Report

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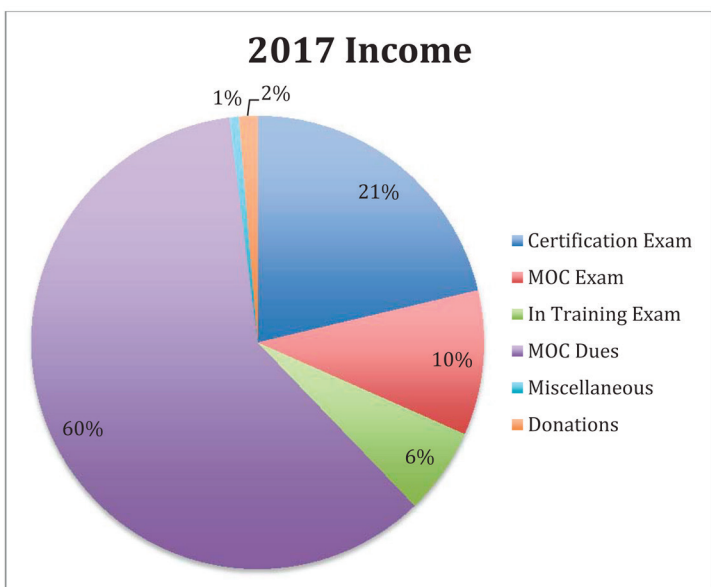
The ABNM fiscal year is January 1 through December 31. A full audit is conducted every two years by a certified public accounting firm, UHY. The firm conducts a less extensive financial review in alternate years. In 2017, UHY audited ABNM's financial statements for the year ending December 31, 2016. The report dated June 1, 2017, noted total assets of \$3,249,161, with an increase of \$189,754 compared to the prior year.

The United States Income Tax Return, Form 990, filed by all non-profit organizations, is publicly available. There are many websites that provide free access to the tax returns, including the returns filed by the ABNM. One such website is <http://foundationcenter.org/find-funding/990-finder>.

The ABNM started 2017 with a budget of \$875,969 in operating income and expenses. At the end of the year, the estimated total non-investment income was \$662,875. Income was below budget for the MOC exam (-\$38,960) and MOC dues (-\$118,163), largely due to the launch of CertLink with payment of fees in 2018. Operating expense was \$776,926. Expense was below budget for operations (\$63,991), salaries (\$35,053), and board meetings (\$23,396). The ABNM ended the year with an estimated net income of -\$114,051.

A break down of the major income and expense categories for 2017 is shown in the following diagrams.

The largest percentage of income (60%) was derived from Maintenance of Certification (MOC) annual dues. Annual dues were \$150 when they were instituted in 2007. They were increased to \$175 in 2010. The dues were increased to \$400 in 2012, mostly to offset the fee paid by Diplomates for the MOC examination. As a result, the MOC exam fee, which was \$2,050 in 2011, has been decreased by \$205 per year. The 2017 exam fee was \$820. The exam fee will be phased out completely in 2021. The same decreasing fee schedule is used for Diplomates enrolling in CertLink™, a new longitudinal learning and self-assessment program, which was launched on January 3, 2018 as an alternative to the MOC exam.



The largest expense was salary for six employees, including the Executive Director (0.25 FTEE), Associate Executive Director (0.25 FTEE), Administrator, MOC and Examinations Program Manager, Diplomat Relations and Communications Program Manager, and one Secretary. Salaries were 57% of total expense in 2017. ABNM operations and exam production is handled by ABNM staff in St. Louis and directors located throughout the United States using email and conference calls. The ABNM also meets twice a year. These two meetings account for 13% of expenses. The ABNM is one of 24 member boards of the American Board of Medical Specialties (ABMS). ABMS membership dues account for 3% of expenses.

The ABNM had \$2.55 million in an investment portfolio on December 31, 2017, which is managed by Wells Fargo Advisors. The value of the portfolio increased 11.5% since December 31, 2016. The investment portfolio is the ABNM's reserve fund for unexpected financial difficulties, and major new initiatives.

The 2018 budget is balanced, with expected income and expense of \$885,014. The ABNM is financially robust, but maintaining a balanced operating budget is becoming more challenging. The ABNM has not increased annual MOC dues of \$400 since 2012, or the initial certification exam fee of \$2400 since 2009. The MOC exam fee has been decreasing by \$205 each year, and will be zero in 2021. The one-time CertLink fee is the same as the MOC exam fee. At the same time, expenses have been steadily increasing due to inflation. The ABNM plans to meet the financial challenges in 2018-2021 by increasing Diplomat participation in Maintenance of Certification by making it easier and more valuable with new programs such as CertLink™.

