



**REPORT OF THE TREASURER**

April 2018

The consolidated financial statements of the College as of and for the year ended June 30, 2017 were audited by the independent certified public accounting firm of BDO USA, LLP in accordance with U.S. generally accepted auditing standards. On the basis of their audit, they have reported that the financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2017 and the changes in its net assets and cash flows for the year then ended.

At the request of the Financial Policy and Audit Committee, the auditors answered the following three fundamental questions based on the results of the College’s audit:

1. Is the College financially healthy as of the reporting date?
2. Is the College financially better off at the end of the year than it was at the beginning of the year?
3. Did the College live within its means during the year?

**Financial Statements**

The College’s consolidated statement of financial position and balance sheet includes the following companies: ACP, Inc., ACP Services, Inc., Medical Advocacy Services, Inc., and ACP Services, Inc. Political Action Committee. The primary purpose of this statement is to report consolidated assets, liabilities and net assets as of a certain reporting date, which as of June 30, 2017 was as follows:

	<u>Consolidated</u> <u>Balance Sheet</u> (\$000)
Assets	\$166,969
Liabilities	<u>93,681</u>
Net Assets :	
Unrestricted	<u>73,288</u>
Total Liabilities & Net Assets	<u><u>\$166,969</u></u>

Consistent with generally accepted accounting principles, the various net asset balances are classified into one of three discrete categories (unrestricted, temporarily restricted, and permanently restricted) based on the existence or absence of donor imposed restrictions. Unrestricted net assets are not subject to donor imposed restrictions and can be used for the general operations of the College. Temporarily restricted and permanently restricted net assets are resources that, by the terms of the



donors, are restricted for a specific purpose or time period and may not be used for the general purposes of the College. As of June 30, 2017 all net assets were determined to be unrestricted.

The consolidated statement of activities and changes in unrestricted net assets is essentially a statement of the financial results of operations for a specific reporting period for the following companies: ACP, Inc., ACP Services, Inc., Medical Advocacy Services, Inc., and the ACP Services, Inc. Political Action Committee. The impact of the excess or (deficiency) of revenue over expenses and the investment activity resulted in the following changes to net assets:

Consolidated  
Statement of Activities and  
Changes in Net Assets  
(\$000)

	<u>Total</u>
Excess of revenues over expenses before investment activity and net unrecognized pension and postretirement benefit loss	\$958
Investment Activity:	
Net Interest and dividend income	251
Net realized and unrealized gain	<u>10,336</u>
Total Investment Activity	10,587
Change in unrestricted net assets before net unrecognized pension and post retirement benefit gain	11,545
Net unrecognized pension and post retirement benefit gain	<u>5,900</u>
Change in unrestricted net assets	\$17,445
Beginning balance, July 1, 2016	55,843
Ending balance, June 30, 2017	<u><u>\$73,288</u></u>



In terms of the three fundamental financial questions, the certified public accountants indicated the following:

1. The College's financial status as of June 30, 2017 was healthy.  
Unrestricted consolidated cash and investments total approximately \$110 million and represent 1.44 years of operating expenses. The College was in compliance with the bond covenant as of June 30, 2017. The ratio of total unrestricted net assets to total long-term debt was 4.98 to 1.0. The bond covenant requires the College to maintain a ratio of total unrestricted net assets to total long-term debt of 2 to 1.
2. The College is better off financially at June 30, 2017 vs. June 30, 2016.  
Due to the continued market growth, ACP's investment activity resulted in a positive impact to net assets of \$10.6 million for the year ended June 30, 2017 as well as positive operating results. Furthermore, pension investments increased substantially due to continued market growth with relatively small increases in offsetting obligations.
3. The College did live within its means during the year ended June 30, 2017.  
ACP had an operating surplus of \$958 thousand for the year ended June 30, 2017. In addition, when combined with the investment gains of \$10.6 million, the positive change in net assets (excluding the pension / post retirement impact) was \$11.6 million.

Respectfully submitted,  
Robert H. Lohr, MD, FACP  
Treasurer