

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delaware Academy of Medicine, Inc.
Newark, Delaware

We have audited the accompanying financial statements of Delaware Academy of Medicine, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware Academy of Medicine, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matter

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the basic 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 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 financial statements or to the 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 financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Delaware Academy of Medicine, Inc.'s financial statements, and our report dated October 22, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sparano, Vincellette & Villano

September 30, 2015
Wilmington, Delaware

LIABILITIES AND NET ASSETS

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
CURRENT LIABILITIES		
Accounts Payable	\$ <u>19,288</u>	\$ <u>8,162</u>
NET ASSETS		
Unrestricted	1,014,966	1,113,646
Temporarily Restricted	<u>6,569,666</u>	<u>6,438,807</u>
TOTAL NET ASSETS	<u>7,584,632</u>	<u>7,552,453</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$7,603,920</u>	<u>\$7,560,615</u>
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See accompanying notes to financial statements.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Statements of Activities For the Year Ended December 31, 2014
with Summarized Information For the Year Ended December 31, 2013

	<u>2 0 1 4</u>			<u>2 0 1 3</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Summarized Information</u>
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 15,534	\$ -0-	\$ 15,534	\$ 31,268
Membership Dues	3,756	-0-	3,756	4,610
Conference Income	172,097	-0-	172,097	88,080
Contract Library Services	107,051	-0-	107,051	99,222
Other Contract Services	35,714	-0-	35,714	51,686
Miscellaneous Income	810	-0-	810	896
Sublet Income	13,691	-0-	13,691	9,964
Student Loan Interest	12,284	-0-	12,284	12,553
Interest Income	-0-	-0-	-0-	6
Investment Income	18,378	71,943	90,321	134,407
Realized Gain				
on Sale of Investments	24,409	118,534	142,943	759,603
Unrealized (Loss) Gain				
on Investments	(2,576)	62,120	59,544	(143,679)
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	<u>121,738</u>	<u>(121,738)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>522,886</u>	<u>130,859</u>	<u>653,745</u>	<u>1,048,616</u>
EXPENSES				
Program	497,485	-0-	497,485	479,336
Management and General	89,046	-0-	89,046	119,201
Fundraising	<u>35,035</u>	<u>-0-</u>	<u>35,035</u>	<u>12,580</u>
TOTAL EXPENSES	<u>621,566</u>	<u>-0-</u>	<u>621,566</u>	<u>611,117</u>
CHANGES IN NET ASSETS	(98,680)	130,859	32,179	437,499
NET ASSETS-				
BEGINNING OF YEAR	<u>1,113,646</u>	<u>6,438,807</u>	<u>7,552,453</u>	<u>7,114,954</u>
NET ASSETS- END OF YEAR	<u>\$1,014,966</u>	<u>\$6,569,666</u>	<u>\$7,584,632</u>	<u>\$7,552,453</u>

See accompanying notes to financial statements.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Statements of Cash Flows
For the Years Ended December 31,

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 32,179	\$ 437,499
Adjustments to Reconcile Changes		
In Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	20,122	20,107
Donated Stock	(1,144)	-0-
Realized and Unrealized		
Gain on Investments	(202,487)	(615,924)
(Increase) Decrease in:		
Accounts Receivable	(5,848)	(8,532)
Employee Loan Receivable	(1,186)	-0-
Prepaid Expenses	12,601	(8,805)
Student Loans Receivable	(24,913)	16,032
Increase (Decrease) in:		
Accounts Payable	<u>11,126</u>	<u>(16,109)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>---(159,550)</u>	<u>---(175,732)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-0-	(1,151)
Transfers from Trust accounts	269,640	316,810
Purchase of Investments	(1,569,088)	(5,534,317)
Proceeds from Sale of Investments	<u>1,426,608</u>	<u>5,465,064</u>
NET CASH PROVIDED		
BY INVESTING ACTIVITIES	<u>---127,160</u>	<u>---246,406</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>---0-</u>	<u>---0-</u>
NET (DECREASE) INCREASE		
IN CASH AND CASH EQUIVALENTS	(32,390)	70,674
CASH AND CASH EQUIVALENTS- BEGINNING	<u>82,231</u>	<u>11,557</u>
<u>CASH AND CASH EQUIVALENTS- END OF YEAR</u>	<u>\$ 49,841</u>	<u>\$ 82,231</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest	\$ <u>---0-</u>	\$ <u>---0-</u>
Cash paid during the year for taxes	\$ <u>---0-</u>	\$ <u>---0-</u>

See accompanying notes to financial statements.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements
For the Years Ended December 31, 2014 and 2013

NOTE 1 THE ORGANIZATION

The mission of Delaware Academy of Medicine, Inc. embraces a mission dedicated to enhancing the well-being of the community through education and the promotion of public health. The Academy serves as the trusted source of high quality medical information and education in the state. In November 2013, the Academy was granted affiliate status by the American Public Health Association, allowing the organization and its members to work more efficiently in the spheres of public health and engage with hospitals, health systems, and state agencies for education and programs.

The Academy's major programs include:

Community Education & Resources

Navigating this constantly changing health care landscape is a challenge for patients. In this environment, offering credible, unbiased, and reliable medical education becomes paramount. The Academy offers *Mini-Medical School* programs, which is a free six-week lecture series offered for adults of all ages and high school students to learn about important trends in medicine and health. Faculty will provide in-depth lectures on important issues and advances in medicine and research. Participants can ask questions after each lecture. There are no tests or grades. No previous medical training is required.

Additionally, in partnership with Christiana Care Health Systems, the Academy maintains the *Gail P. Gill Community Health Library* located in the John H. Ammon Medical Education Center at Christiana Hospital. The library can help the public locate reliable, up-to-date information on a variety of topics, such as diseases, medications and medical tests, wellness and prevention, aging, stress management, exercise and nutrition. The public can depend on the reliability and timeliness of the resources, along with a professional medical librarian who can assist them in locating credible sources of health information on the Internet.

Professional Services

The Academy encourages scientific research, public health education and intervention, and professional excellence. As a member benefit, membership includes high-quality medical education programs which often offers the opportunity to earn the appropriate CME.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 1 THE ORGANIZATION (Cont'd)

Student Financial Aid

The Academy's Student Financial Aid program was established in 1961 to help promote the study of medicine and dentistry. Since that time, nearly 1200 students have received more than \$1.85 million in loans. These funds are made available through special endowments of the Academy, which have been designated for this specific purpose.

History and Archives

Since 1930, the Delaware Academy of Medicine began collecting materials to preserve the history of medicine, dentistry, nursing, and the health professions in Delaware. This collection has grown into the Delaware Academy of Medicine Archive of History of Medicine and Dentistry. The archive now holds books and journals, medical and dental instruments, furniture, photographs, records of Delaware medical societies, including the Academy itself, personal papers of and biographical information about members of the Delaware medical community, and paintings, sculptures, and other artwork.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Delaware Academy of Medicine, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Equivalents

For purpose of the statement of cash flows, the Academy considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. Money market funds held by the trustee in trust accounts are not considered cash or cash equivalents for the statement of cash flows.

Receivables - Grants and Other

Anticipated bad debts are considered to be negligible by management and accordingly, no provision for bad debts has been included in the basic financial statements.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Receivables- Student Loans

Receivables for student loans made are recorded as loans are made and allowances are provided for amounts estimated to be uncollectible. Based on management estimates, five percent (5%) of the student loans receivable is estimated to be uncollectible.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost and consist of furniture, equipment and improvements. Donated property and equipment are recorded at the approximate fair value at the date of donation. The Academy follows the practice of capitalizing all expenses for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment ranging from 5 to 40 years.

Depreciation expense for was \$20,122 and \$20,107 for the years ended December 31, 2014 and 2013, respectively.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Donated Property and Equipment

Donations of property and equipment are recorded as revenue and capitalized at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted revenue.

Donated Services

No amounts have been reflected in the financial statements for donated services. However, individuals volunteer their time and perform a variety of tasks that assist the Academy with specific assistance programs. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under the generally accepted accounting principles.

Fair Value Measurements

The generally accepted accounting principles followed by the Academy have clarified the definition of fair value, established a framework for measuring fair value and expands the disclosure requirements for value measurements. The carrying amounts for cash and equivalents, current receivables and liabilities reported in the statement of financial position approximate fair values. Investment are reported at fair market value. Other assets, including property and equipment, are also subject to periodic impairment assessments under the accounting principles, however these assets have been omitted from the above disclosure.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Collections

Collections, which were acquired through contributions since the organization's inception, are not recognized as assets on the statement of financial position. Contributed collection items are not reflected on the financial statements. Proceeds from sales or insurance recoveries are reflected as increases in the appropriate net asset classes.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

The Academy presents its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, they report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Principles of Consolidation

The financial statements of Delaware Academy of Medicine, Inc. have been consolidated with its supporting organizations (see Note 7) and presented as Delaware Academy of Medicine, Inc. and Supporting Organizations. All material inter-company accounts and transactions are eliminated in consolidation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services benefitted.

NOTE 3 COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information, which has been reported in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

NOTE 4 INCOME TAX STATUS

The Academy is non-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a)(2).

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 4 INCOME TAX STATUS (cont'd)

It is primarily a publicly supported organization and contributions made to the Academy qualify as a charitable contribution deduction under Section 170(b)(1)(A).

The Organization's income tax status is a privilege, which may be revoked by the IRS for any one of several reasons. The Academy has considered the nature of their activities and the disclosures made on their tax return, Form 990, and believes their reporting is appropriate based on current facts and circumstances. The organization's tax returns for the three most recent years (2012 - 2014) are considered "open" and may be subject to examination by the IRS.

NOTE 5 CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Academy maintains its cash balance in one financial institution located in Delaware. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization does not have an uninsured cash balance.

NOTE 6 INVESTMENTS

The Academy's investments consist of funds available for general operations and funds restricted in purpose by the donor. At December 31, 2014, the Academy held corporate stock of one company in a separate account, while all other investments are held in a single, diversified managed account. The investments are managed by independent investments advisors, Brown Advisory, in compliance with established board investment policies and restrictions placed upon the funds by donors.

Investments are recognized and disclosed at their fair market value in the statement of financial position. Management establishes the fair value of Level 1 investments based on quoted market prices for identical investments in an active market. Management establishes the fair value of Level 2 investments through observation of trading activity for similar investments in active markets. Were they to maintain Level 3 investments, management would seek and document the valuation process based on one or more significant value drivers in the investment.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 6 INVESTMENTS (Cont'd)

The investments are presented in the financial statements at fair value, and consist of the following:

<u>Description</u>	<u>2 0 1 4</u>		<u>2 0 1 3</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Level 1				
Corporate Stock	\$ 13,665	\$ 115,716	\$ 13,665	\$ 101,678
<u>Investment Account:</u>				
Level 1				
Money Market Funds	13,420	13,420	22,436	22,436
Equities & Other	1,196,175	1,224,928	1,187,082	1,230,284
Fixed Income	<u>493,440</u>	<u>497,804</u>	<u>523,697</u>	<u>517,215</u>
Total Investments	<u>\$1,716,700</u>	<u>\$1,851,868</u>	<u>\$1,746,880</u>	<u>\$1,871,613</u>
Investments:				
Unrestricted		\$ 688,028		\$ 735,056
Restricted		<u>1,163,840</u>		<u>1,136,557</u>
Total Investments		<u>\$1,851,868</u>		<u>\$1,871,613</u>

The following schedule summarizes investment return of the Academy's accounts only and its classification in the statement of activities for the years ended December 31,

<u>Description</u>	<u>2 0 1 4</u>	<u>2 0 1 3</u>
Dividends and Interest (Reinvested)	\$ 23,467	\$ 40,825
Realized Gain on Investments	36,961	195,526
Unrealized Gain (Loss) on Investments	(3,900)	(13,595)
Less: Investment Management Fees	<u>(1,191)</u>	<u>(14,026)</u>
Net Return on Investments	<u>\$ 55,337</u>	<u>\$ 208,730</u>

NOTE 7 STUDENT LOANS

The Academy maintains funds that were donated to them for purpose of issuing loans to students pursuing a medical degree. The student financial aid committee reviews applicants, determines the number of loans and amount of loans to issue each year.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 7 STUDENT LOANS (cont'd)

They also determine the interest rate, which cannot exceed the prime rate + 5%. Interest rates may vary slightly based on years of repayment selected by the borrower. The committee reviews the program regularly and considers the allowance for doubtful accounts reasonable.

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
Student Loans Receivable	\$ 537,284	\$ 511,473
Allowance for bad debts	<u>(26,864)</u>	<u>(25,966)</u>
	<u>\$ 510,420</u>	<u>\$ 485,507</u>
<u>Interest Income</u>	<u>\$ 12,284</u>	<u>\$ 12,553</u>

NOTE 8 SUPPORTING ORGANIZATIONS

The Academy is supported by the Carpenter Trust for the Delaware Academy of Medicine (Carpenter Trust) and the Preston Charitable Trust for the Delaware Academy of Medicine (Preston Trust). The trusts exist to support the operations of the Academy and both trusts have been determined to be Type I Supporting Organizations under IRC Section 509(a)(3). The Trusts and the Academy are under common control, accordingly the financial statements of these organizations have been consolidated.

The Carpenter Trust was established by the donor in order to provide funding for the Academy's medical student loan program. In 2013, the Academy borrowed funds for general operations and this loan was repaid in 2014. As of December 31, 2014 and 2013, the Academy owed the Carpenter trust \$-0- and \$71,000, respectively.

The following amounts have been eliminated from the financial statements during consolidation:

The Preston Trust is to be used for general operations and provides for a monthly transfer to the Academy's operating account. The amounts transferred to the Academy for the years ended December 31, 2014 and 2013 were \$205,971 and \$203,310, respectively.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 8 SUPPORTING ORGANIZATIONS (cont'd)

Funds from both the Preston and Carpenter Trusts were used to fund student loans. Upon repayment of the loans, the principal would be due back to the trusts. The Academy owes the Preston trust \$74,353 and \$91,670, respectively for the years ended December 31, 2014 and 2013 and the Carpenter Trust \$267,012 and \$276,290, respectively, for the years ended December 31, 2014 and 2013.

Brown Advisory is the trustee for the trusts, which hold notes receivable for medical student loan and investments in managed accounts. The following schedule summarizes investment return of the Trusts and its classification in the statement of activities for the year ended December 31, 2014:

	<u>Preston Trust</u>	<u>Carpenter Trust</u>
Fair Market Value of Trust	\$ <u>80,416</u>	\$ <u>4,741,511</u>
Dividends and Interest(Reinvested)	\$ 6	\$ 63,968
Realized Gain on Investments	-0-	105,982
Unrealized Gain(Loss)on Investments	-0-	49,406
Less: Investment Management Fees	<u>(1,930)</u>	<u>(4,956)</u>
Net Return on Investments	\$ <u>(1,924)</u>	\$ <u>214,400</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Net assets are restricted for the following purposes, as of December 31,

	<u>2 0 1 4</u>	<u>2 0 1 3</u>
Financial Assistance to Students in the Study of Medicine	\$ 414,752	\$ 406,892
Operating Funds for the Lewis B. Flinn Library	325,183	185,070
Capital Improvements	666,439	658,483
Other Purposes	<u>-0-</u>	<u>23,691</u>
	<u>1,406,374</u>	<u>1,274,136</u>
Carpenter Trust for the benefit of the DE Academy of Medicine	347,428	353,294
Preston Charitable Trust for the benefit of DE Academy of Medicine	<u>4,815,864</u>	<u>4,811,377</u>
<u>Temporarily Restricted Net Assets</u>	<u>\$6,569,666</u>	<u>\$6,438,807</u>

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 10 DEFERRED COMPENSATION PLAN

The Academy offers a defined contribution plan created in accordance with Internal Revenue Code Section 403(b) and an employer sponsored non-qualified deferred compensation plan, where participation in the plan is optional. The Academy will contribute 4% of compensation for employees who meet the eligibility requirements. The current year matching contribution was reduced by forfeitures of \$2,027 which were credited to their account. Accordingly, total expenses charged to operations for the years ended December 31, 2014 and 2013 were \$6,701 and \$8,078, respectively.

NOTE 11 SUBLET INCOME

In order to reduce occupancy costs and encourage collaboration, the Academy sublets office space to other like-minded medical associations and organizations. Lease terms are for 12 months with renewable options. Leases call for a base annual rent of \$8.367 per square foot of office space, paid in monthly installments, with additional charges for phone, internet and copier charges. Sublet income for the years ended December 31, 2014 and 2013 was \$13,691 and \$9,964, respectively.

NOTE 12 LEASE ARRANGEMENTS AS LESSEE

The Academy entered into a lease for office space at Christiana Hospital in November 2006 for a 10 year period, with 4 renewable options. The lease payments consist of base rent and an allocation of operating costs which is adjusted annually. Monthly lease payments in 2014 were \$2,521 and total rent expense was \$32,977 and \$20,503 for the years ending December 31, 2014 and 2013, respectively. The variance between 2014 and 2013 is the result of a reconciliation of actual operating expenses performed by the Hospital. This resulted in a refund in 2013 and an additional amount due in 2014. The minimum monthly lease payments required under the operating leasing arrangement are as follows: \$30,241 for 2015 and \$30,241 for 2016.

Additionally, the Organization has other operating lease agreements for office equipment and a storage unit. The obligation for these leases has not been included in the amounts above, nor have they been capitalized which does not materially affect the financial statements.

DELAWARE ACADEMY OF MEDICINE, INC.
AND SUPPORTING ORGANIZATIONS
Notes to Financial Statements (Cont'd)
For the Years Ended December 31, 2014 and 2013

NOTE 13 ADVERTISING COSTS

Advertising costs are generally charged to the appropriate program when incurred. Amounts incurred for program marketing for the years ended December 31, 2014 and 2013 were \$1,605 and \$1,790, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Academy does not anticipate losses as a result of these commitments and contingencies.

NOTE 15 MANAGEMENT'S REVIEW

The Organization has evaluated events and transactions through September 30, 2015, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure.

SUPPLEMENTAL INFORMATION

DELAWARE ACADEMY OF MEDICINE, INC. AND SUPPORTING ORGANIZATIONS
 Statements of Functional Expenses For the Year Ended December 31, 2014
 with Summarized Information For the Year Ended December 31, 2013

	2 0 1 4				2 0 1 3		
	Community Education & Resources	Student Financial Aid	Total Program	Management & General	Fundraising	Total	Summarized Information
Salaries	\$ 218,942	\$ 13,275	\$ 232,217	\$ 36,811	\$ 10,109	\$ 279,137	\$ 279,360
Employee Benefits	3,506	357	3,863	1,263	-0-	5,126	25,793
Payroll Taxes	14,923	952	15,875	3,364	773	20,012	19,252
TOTAL SALARIES AND RELATED EXPENSES	237,371	14,584	251,955	41,438	10,882	304,275	324,405
Marketing & Outreach	1,605	-0-	1,605	-0-	-0-	1,605	1,790
Investment Advisor Fees	-0-	-0-	-0-	8,077	-0-	8,077	50,691
Archivist Expenses	2,890	-0-	2,890	-0-	-0-	2,890	1,738
Information Technology	9,790	-0-	9,790	-0-	-0-	9,790	9,489
Equipment Lease	6,622	-0-	6,622	-0-	-0-	6,622	5,151
Insurance	3,923	-0-	3,923	1,306	-0-	5,229	6,907
Dues & Publications	1,982	-0-	1,982	-0-	-0-	1,982	1,568
Postage	3,023	-0-	3,023	-0-	-0-	3,023	2,010
Program Supplies	6,566	-0-	6,566	-0-	-0-	6,566	103,076
Bad Debt Expense	-0-	1,311	1,311	-0-	-0-	1,311	-0-
Bank & Credit Card Fees	4,672	1,676	6,348	-0-	-0-	6,348	5,412
Training & Education	3,114	-0-	3,114	-0-	-0-	3,114	2,048
Travel Expense	745	-0-	745	-0-	-0-	745	472
Printing & Copying	2,202	-0-	2,202	-0-	-0-	2,202	2,031
Professional Fees	1,200	-0-	1,200	32,338	-0-	33,538	23,231
Office Supplies	4,820	-0-	4,820	1,422	-0-	6,242	6,440
Office Lease Expense	29,679	-0-	29,679	3,298	-0-	32,977	20,503
Conference Expense	136,865	-0-	136,865	-0-	24,153	161,018	20,515
Telephone Expense	2,723	-0-	2,723	1,167	-0-	3,890	3,533
Depreciation	20,122	-0-	20,122	-0-	-0-	20,122	20,107
TOTAL EXPENSES	\$ 479,914	\$ 17,571	\$ 497,485	\$ 89,046	\$ 35,035	\$ 621,566	\$ 611,117

See accompanying notes to financial statements.

