

Report of the Secretary–Treasurer Fiscal Year 2013

FINANCIAL REPORT

Consolidated Results of Operations

Our consolidated financial report includes the activities of both the American College of Radiology and the American College of Radiology Association, collectively referred to as the “College.”

In fiscal 2013, the College generated a positive bottom line with a total gain for the year of \$4.8 million. This surplus stemmed primarily from positive investment returns on the long term investment portfolio. We made substantial investments in two new initiatives of the College, which are reflected as non-operating charges on the Statement of Activities. The College contributed \$1.2 million to the Radiology Leadership Institute Campaign and launched the Harvey L. Neiman Health Policy Institute, with initial funding from our reserves.

The College’s long-term investment portfolio resulted in a gain of 13.69% percent for fiscal year 2013, which slightly exceed the benchmark return. The portfolio remains invested in a number of equity and fixed-income mutual funds with an allocation to stocks and bonds that is in line with the long-term objectives of capital appreciation for the portfolio. The College has maintained a disciplined investment approach which has proven successful over the longer term.

Consolidated Financial Position

The College continues to maintain its strong financial position. As of June 30, 2013, the College had assets of \$158.1 million and liabilities of \$72.4 million, with net assets of \$85.7 million. Net assets increased overall by \$4.8 million in fiscal year 2013 from the positive bottom line.

In fiscal 2013, the renovations of the ACR Headquarters building were substantially completed. These capital initiatives are being funded through tax exempt financing obtained from the Fairfax County Economic Development Authority.

To provide for ongoing financial stability, adequate funds for infrastructure maintenance, and resources for future initiatives, the College has a target level for net assets designated for long-term investment of 75 percent of annual internal expenditures. As of June 30, 2013, the percentage was 70 percent. This ratio increased from the prior year as a result of positive investment returns and a cash transfer to the portfolio. However, management considers an acceptable range to be from 50-75%.

Annual Audit

The College’s independent auditors, PricewaterhouseCoopers LLP, are in the process of completing their audit of the fiscal year 2013 financial statements in October 2013. Their report will be formally reviewed and accepted by the ACR Audit Committee and on file at the College headquarters in Reston, Va.