

## **Report of the Secretary–Treasurer Fiscal Year 2012**

### **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 2012, the College generated a positive bottom line with a total gain for the year of \$4 million. This surplus stemmed primarily from accreditation revenues; we saw continued levels of increased volumes of accreditation to comply with the new MIPPA requirements. On the expense side, management worked diligently to keep expenses in line with the annual budget. Expense overages resulted in some functional areas, but were tied to corresponding increases in revenue.

The College’s long-term investment portfolio resulted in a loss of 2.2% percent for fiscal year 2012, which was consistent with a downturn in the market. 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, 2012, the College had assets of \$147.8 million and liabilities of \$67.1 million, with net assets of \$80.7 million. Net assets increased overall by \$4 million in fiscal year 2012 from the positive bottom line.

In fiscal 2012, the College began renovations of the ACR Headquarters building as well as purchased the building across the street, which houses our ACR Education Center. 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, 2012, the percentage was 54 percent. This ratio declined slightly from the prior year from the current year loss on the investment 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 2012 financial statements in October 2012. Their report will be formally reviewed and accepted by the ACR Audit Committee and on file at the College headquarters in Reston, Va.