

Financial Statements and Report of Independent  
Certified Public Accountants

**American Speech-Language-Hearing Association**

December 31, 2008

# American Speech-Language-Hearing Association

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## Report of Independent Certified Public Accountants

Audit Committee  
American Speech-Language-Hearing Association

We have audited the accompanying statement of financial position of the American Speech-Language-Hearing Association (the Association) as of December 31, 2008, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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, as established by the American Institute of Certified Public Accountants. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2008, 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.

McLean, Virginia  
June 19, 2009

A handwritten signature in cursive script that reads "Grant Thornton LLP".

# American Speech-Language-Hearing Association

## Statement of Financial Position

December 31, 2008

### **Assets**

Cash and cash equivalents	\$	3,028,784
Investments		33,297,061
Accounts receivable, net		751,409
Receivable from affiliates		96,027
Prepaid expenses and inventory		1,957,401
Accrued interest receivable		15,446
Other assets		119,559
Property and equipment, net		48,461,428
Assets held for sale, net		6,239,785

**Total Assets** \$ 93,966,900

### **Liabilities and Net Assets**

#### **Liabilities**

Accounts payable—trade	\$	1,863,727
Payable to affiliates		997,274
Accrued salaries and accumulated leave		2,911,044
Pension liability		13,919,526
Mortgage interest payable		100,660
Mortgage payable		32,450,000
Interest rate swap		3,438,319
Deferred revenue		21,140,185

**Total Liabilities** 76,820,735

#### **Net Assets—Unrestricted**

Board-designated		33,189,442
Undesignated		(16,043,277)

**Total Net Assets** 17,146,165

**Total Liabilities and Net Assets** \$ 93,966,900

*The accompanying notes are an integral part of this statement.*

# American Speech-Language-Hearing Association

## Statement of Activities and Change in Net Assets

Year ended December 31, 2008

### Program Revenue

Member dues	\$	26,372,809
Publications:		
ASHA Leader		1,291,340
JSLHR		494,711
LSHSS		132,046
AJA		37,365
AJSLP		95,850
ASHA web site		652,222
Special reports and brochures		149,658
CAA		372,875
Academic affairs		6,950
Ethics		2,965
Clinical certification		32,740
Public information		66,710
Governmental affairs		23,583
Multicultural affairs		14,128
Continuing education		2,420,679
Convention		4,416,572
Specialty recognition		750
Educational programs and products		1,903,252
Professional practices		138,076
Special interest divisions		1,195,239
Recruitment and retention		327,177
Membership list rentals		678,491
Non-member certification fees		694,322
NSSLHA subscribers		312,845
Grants and contracts		35,522
Rental income		75,897
Other revenue		1,106,430

### Total Program Revenue

43,051,204

### Program Expenses

Publications:		
ASHA Leader		2,399,368
JSLHR		713,085
LSHSS		427,350
AJA		207,207
AJSLP		394,716
ASHA web site		1,628,989
Special reports and brochures		465,776
CAA		868,258
Academic affairs		550,139
Ethics		347,956
Clinical certification		1,316,276
Research		2,447,676

The accompanying notes are an integral part of this statement.

# American Speech-Language-Hearing Association

## Statement of Activities and Change in Net Assets—Continued

Year ended December 31, 2008

### Program Expenses—Continued

Public information	\$	2,143,512
Governmental affairs		2,792,446
Multicultural affairs		872,533
Continuing education		1,673,401
Convention		3,130,325
Specialty recognition		32,405
Educational programs and products		1,644,596
Professional practices		2,759,654
Special interest divisions		1,053,747
Recruitment and retention		619,882
International		110,513
Focused initiatives		552
Contingency		135,710
Governance		1,473,382
Contribution to the Foundation		231,901
Grants and contracts		35,522
Housing Fund expenses		2,242,448

**Total Program Expenses** 32,719,325

### Administrative

General and administrative		10,394,472
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**Total Expenses** 43,113,797

**Excess of Program Expenses over Revenue** (62,593)

### Other Revenue (Expense)

Interest and dividends, net		982,280
Realized loss on investments		(1,603,966)
Unrealized loss on investments		(4,608,063)
Pension related losses other than net periodic benefit cost		(16,742,688)
Loss on interest rate swap		(3,058,095)
Loss on disposal of assets		(80,778)
Revenue from expiration of real estate transaction		4,025,000
Unrelated business income tax		(171)

**Total Other Revenue** (21,086,481)

**Change in Net Assets** (21,149,074)

**Net Assets, beginning of year** 38,295,239

**Net Assets, end of year** \$ 17,146,165

The accompanying notes are an integral part of this statement.

# American Speech-Language-Hearing Association

## Statement of Cash Flows

Year ended December 31, 2008

### Cash Flows from Operating Activities

Change in net assets per Statement of Activities	\$ (21,149,073)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	2,430,080
Bad debt expense	1,485
Realized loss in on investments	1,603,966
Unrealized loss in on investments	4,608,063
Loss on disposal of property and equipment	89,256
Loss on interest rate swap	3,058,095
In-kind contribution to ASHA Foundation	54,911
Changes in operating assets and liabilities:	
Accounts receivable	54,727
Receivable from affiliates	(1,932)
Prepaid expenses	(923,695)
Accrued interest receivable	18,726
Other assets	22,563
Accounts payable	(1,282,084)
Payable to affiliate	(395,051)
Pension liability	13,669,391
Mortgage interest payable	(58,879)
Accrued salaries and accumulated leave	366,399
Deferred revenue - building sale	(4,025,000)
Deferred revenue	570,337

**Net Cash Used in Operating Activities** (1,287,715)

### Cash Flows from Investing Activities

Purchase of property and equipment	(3,528,054)
Purchases of investments	(73,963,048)
Proceeds from sales of investments	82,204,534

**Net Cash Provided by Investing Activities** 4,713,432

### Cash Flows from Financing Activities

Payments on mortgage payable	(3,113,908)
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**Net Cash Used in Financing Activities** (3,113,908)

**Net Increase in Cash and Cash Equivalents** 311,809

**Cash and Cash Equivalents, beginning of year** 2,716,975

**Cash and Cash Equivalents, end of year** \$ 3,028,784

### Supplemental Cash Flow Disclosure

Cash paid for interest	\$ 1,356,388
Cash paid for income taxes	\$ 50,384

The accompanying notes are an integral part of this statement.

# American Speech-Language-Hearing Association

## Notes to Financial Statements

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December 31, 2008

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### NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Organization*

The American Speech-Language-Hearing Association (the Association) is a not-for-profit professional association. Its mission is to promote the interests of, and provide the highest quality services for, professionals in audiology, speech-language pathology and speech and hearing science, and to advocate for people with communication disabilities. The Association's primary sources of revenue are membership dues, annual convention, continuing education, educational programs and products revenue, investment income, and publication sales.

A summary of the Association's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### *Investments*

Investments held by the Association are presented at their fair market value, as determined by quoted market prices. Unrealized gains and losses are reflected in the statement of activities. Investments include money market funds which the Association intends to hold for investment purposes.

#### *Property and Equipment*

The Association capitalizes assets with an original cost of greater than or equal to \$1,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Building, furniture and equipment, and computer systems are depreciated between three and forty years.

#### *Basis of Accounting*

All revenue and expenses are recorded in accordance with the accrual basis of accounting. Revenue is recorded in the fiscal year in which applicable services are performed or goods have been provided. Member dues are recorded as revenue in the applicable membership period. Annual subscription revenues are reflected in revenue in the year in which publications are issued. Amounts received for conferences, meetings, and other services are recorded as revenue in the year when the conference or meeting takes place, or the related services are performed. Expenses are recorded in the period in which they contributed to generating revenue. Convention and other conference and meeting expenses are recorded in the fiscal year in which the Association received goods or services relating to that convention, conference, or meeting. Publication expense is recorded in the fiscal year in which the publications are issued.

#### *Deferred Revenue*

Deferred revenue principally represents amounts received in advance for the following:

- a. Member dues and certification revenue, which are applicable to subsequent accounting periods.
- b. Subscriptions to periodicals, which are to be subsequently issued.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

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December 31, 2008

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## NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

### *Income Taxes*

The Association is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code, except for the taxation of unrelated business income. The Association derives its unrelated business income from activities such as advertising in publications and on its Web site.

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FASB Interpretation No. 48), which supplements Statement No. 109, *Accounting for Income Taxes*. FASB Interpretation No. 48 defines the confidence level that a tax position must meet before it can be recognized in the financial statements and it requires the effects of a position be recognized only if it is “more-likely-than-not” to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that the Association is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. The Association adopted FASB Interpretation No. 48 in 2008. No adjustment was necessary upon adoption of this standard.

### *Cash Equivalents*

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

### *Using Estimates in Preparing Financial Statements*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Concentration of Credit Risk*

Financial instruments that potentially subject the Association to a concentration of credit risk include cash deposits with commercial banks. The Association’s cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Cash deposits may exceed the FDIC insurable limit of \$250,000 at times throughout the year due to anticipated large expenses under various projects. As of December 31, 2008, the amount in excess of the FDIC insurable limit was approximately \$357,850. Management does not consider this to be a significant credit risk.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

December 31, 2008

## NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

### *Impact of Recent Accounting Standards and Pronouncements*

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157<sup>2</sup>). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with US GAAP, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. SFAS 157 explains the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions, SFAS No. 157 is now effective for the Council and Foundation. The adoption of SFAS No. 157 did not have a material impact on reported results, but did result in certain additional disclosures.

## NOTE B—RELATED PARTIES

### *Receivables and Payables*

The Association is affiliated with several smaller organizations. The organizations are related through common exempt purpose, and the Association processes certain cash receipts and disbursements for the organizations. The following is a schedule of the accounts receivable and payable with the affiliated organizations at December 31, 2008:

	Accounts Receivable	Accounts Payable
American Speech-Language-Hearing Association Political Action Committee	\$ —	\$ 7,906
National Student Speech Language Hearing Association	2,340	6,187
American Speech-Language-Hearing Foundation	93,387	597,851
National Association for Hearing and Speech Action	300	385,330
	<u>\$ 96,027</u>	<u>\$ 997,274</u>

### *Contribution to the American Speech-Language-Hearing Foundation*

The Executive Board/Board of Directors of the Association approved contribution commitments to the American Speech-Language-Hearing Foundation through fiscal year 2010. The 2009 and 2010 contributions will each be equal to 1 percent of the prior year's dues. The Association has recorded liabilities of \$250,000 and \$260,000 for 2009 and 2010, respectively, as of December 31, 2008, less discounts to present value of \$26,564.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

December 31, 2008

## NOTE C—INVESTMENTS

Investments consist of the following at December 31, 2008:

	Cost	Market Value
Investments for designated short-term use		
Cash equivalents	\$ 7,882,065	\$ 7,882,065
U.S. Government, corporate obligations, and common trust funds-fixed	2,670,349	2,630,198
	<u>10,552,414</u>	<u>10,512,263</u>
Investments for designated long-term use		
Cash equivalents held for long-term investment purposes	967,521	967,521
Corporate equities and common trust funds-equity	12,925,342	10,781,845
U.S. government, corporate obligations, and common trust funds-fixed	10,729,132	11,035,432
	<u>24,621,995</u>	<u>22,784,798</u>
	<u>\$ 35,174,409</u>	<u>\$ 33,297,061</u>

Investments were recorded at fair value as of December 31, 2008 based on the following level of hierarchy:

	Quoted Prices in Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents	\$ 8,651,376	\$ 198,210	\$ —	\$ 8,849,586
Corporate equities and common trust funds-equity	7,471,310	—	3,310,535	10,781,845
U.S. government, corporate obligations, and common trust funds-fixed	1,589	2,628,587	11,035,454	13,665,630
	<u>\$ 16,124,275</u>	<u>\$ 2,826,797</u>	<u>\$ 14,345,989</u>	<u>\$ 33,297,061</u>

Level 1 inputs include quoted market prices in active markets for identical assets.

Level 2 inputs include quoted market prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there isn't sufficient activity, and/or where price quotations vary substantially either over time or among market makers, or where little information is released publicly.

Level 3 inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations where there is little, if any, observable market activity for the asset at the measurement date.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

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December 31, 2008

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## NOTE C—INVESTMENTS—Continued

Investment return consists of the following for the year ended December 31, 2008:

Interest and dividends	\$ 1,179,874
Management fees	(197,594)
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	982,280
Realized loss on investments	(1,603,966)
Unrealized loss on investments	(4,608,063)
	<hr/>
	\$ (5,229,749)
	<hr/>

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## NOTE D—ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2008:

Advertising	\$ 314,809
Publications and mailing lists	180,463
Research grants	7,830
Other	307,715
	<hr/>
	810,817
Less: allowance for uncollectible accounts	(59,408)
	<hr/>
	\$ 751,409
	<hr/>

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

December 31, 2008

## NOTE E—PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2008:

Building/Building Improvement/Land Improvement	\$ 36,346,939
Furniture and fixtures	1,761,218
Leasehold Improvement	822,832
Equipment	273,291
Computers and software	9,914,338
	<hr/>
Total depreciable assets	49,118,618
Accumulated depreciation	(8,578,014)
	<hr/>
	40,540,604
	<hr/>
Art/Statues	86,139
Land – headquarters	7,834,685
	<hr/>
Property and equipment, net	48,461,428
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Assets Held for Sale	12,198,275
Accumulated depreciation	(5,958,490)
	<hr/>
Assets held for sale, net	\$ 6,239,785
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In February 2005, the Association closed on the purchase of land for new headquarters of the Association for \$7,834,685. This amount is disclosed above as “Land – headquarters”.

“Building” represents amounts paid for the construction of the new headquarters building. Capitalized interest of \$1,287,226 is included in the building cost.

The Association previously occupied property on Rockville Pike as its headquarters through November 2007, when the new headquarters on Research Boulevard were completed. The Rockville Pike building and land, net of appropriate depreciation, are disclosed as “Assets Held for Sale”.

During 2008, the Association sold certain assets held for sale with a net book value of \$83,917.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

December 31, 2008

## NOTE F—RETIREMENT PLANS

### *Defined Benefit Retirement Plan*

The Association has a noncontributory defined benefit retirement plan covering most employees and employees of the Foundation hired before January 1, 2003. The benefits are based on years of service and the employee's highest average compensation during any three consecutive fiscal years. The Association's funding policy is to contribute annually the maximum up to the full funding limitation.

In September 2006, new financial accounting standards for employer's accounting for defined benefit pension and other postretirement plans were issued by the Financial Accounting Standards Board. These standards require the under-funded status of such plans be recognized as a liability in the statement of financial position and as a reduction of unrestricted net assets in the statement of activities, as well as certain additional disclosures. The Association adopted these standards for the year ended December 31, 2007.

The accumulated benefit obligation for the retirement plan was \$39,867,528 as of December 31, 2008. The plan's funded status and prepaid pension cost recognized in the statement of financial position at December 31, 2008 were as follows:

Plan assets at fair value, primarily stocks and bonds	\$ 32,348,686
Projected benefit obligation	46,268,212
	<hr/>
Funded status (liability)	\$ (13,919,526)

For the year ended December 31, 2008, the benefit cost, employer contributions, and benefits paid were as follows:

Net periodic benefit cost	\$ 926,703
Less allocation to related entities	(22,108)
	<hr/>
Net ASHA periodic benefit cost	\$ 904,595
	<hr/>
Employer contributions	4,000,000
Benefits paid	1,203,775

Amounts not recognized in 2008 periodic pension expense reported as a reduction of unrestricted net assets in the accompanying statement of activities:

Prior service cost	\$ (23,646)
Net actuarial and investment loss	16,766,334
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	\$ 16,742,688

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

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December 31, 2008

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## NOTE F—RETIREMENT PLANS—Continued

### *Defined Benefit Retirement Plan—Continued*

Estimated amortization to be included in net periodic pension cost for the year ended December 31, 2009 is as follows:

Prior service cost	\$ 23,646
Net actuarial loss	1,404,921
	<hr/>
	\$ 1,428,567
	<hr/>

The following key assumptions were used by the actuary to compute periodic pension cost at December 31:

Weighted-average discount rate	6.50%
Weighted-average compensation increase	3.70%
Weighted-average expected long-term rate of return on plan assets	8.75%

The following key assumptions were used by the actuary to determine the benefit obligations at December 31:

Weighted-average discount rate	6.33%
Weighted-average compensation increase	3.70%

The Association's expected long-term rate of return on plan assets is updated periodically, taking into consideration the Association's target asset allocation, historical returns on the types of assets held, and the current and forecasted economic environment. In selecting the expected long-term rate of return on assets, the Association considered the rate of earnings expected on the asset classes within the portfolio invested or to be invested to provide for the benefits of these plans. This included considering the asset allocation and the expected returns likely to be earned over the life of the plans.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

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December 31, 2008

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## NOTE F—RETIREMENT PLANS—Continued

### *Additional Information*

The measurement date in 2008 for purposes of determining the fair value of plan assets and the measured pension benefit cost for balance sheet and disclosure was December 31, 2008. The asset allocations for the funds are as follows for December 31, 2008:

*Asset Category*

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Equity securities	46%
Fixed and guaranteed income	49%
Real estate and other	5%
	<hr/>
	100%
	<hr/>

Target allocation percentages are 50 percent equity securities, 45 percent fixed and guaranteed income, and 5 percent real estate.

The Association's policy for determining asset-mix targets includes the periodic development of asset/liability studies by a third-party investment consultant, to match our expected liability with appropriate expected long-term rate of return and expected risk for various investment portfolios.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

	<b>Pension</b>
2009	\$ 1,277,895
2010	2,913,541
2011	2,805,818
2012	2,755,952
2013	2,045,349
2014-2018	16,006,313

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

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December 31, 2008

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## NOTE F—RETIREMENT PLANS—Continued

### *401(k) Plan*

The Association has a defined contribution plan which qualifies under Section 401(k) of the Internal Revenue Code. The plan provides that each eligible Association-salaried employee may invest a portion of salary or the cost equivalent of a portion of earned annual leave in the plan. Employees hired after December 31, 2003, and those who made an irrevocable election in 2003 are eligible to receive pension contributions from ASHA. The Association made \$599,040 in net contributions to the plan in 2008.

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## NOTE G—COMMITMENTS

### *Operating Leases*

The Association leases various office equipment under non-cancelable operating leases expiring at various dates through 2013. The minimum rental for these commitments is as follows:

<i>Year ending December 31,</i>	
2009	\$ 249,501
2010	244,329
2011	216,324
2012	186,595
2013	110,397
	<hr/>
	\$ 1,007,146

Rental expense for all operating leases was \$106,915 for the year ended December 31, 2008.

### *Contingencies*

The Association is subject to claims and lawsuits in the ordinary course of business. Management does not believe the resolution of such claims and lawsuits will have a material effect on the financial statements.

# American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

December 31, 2008

## NOTE H—DEBT

### *Line-of-Credit*

The Association maintains a \$2,500,000 unsecured line-of-credit, which was established to meet temporary cash flow needs. Interest is at London Interbank Offered Rate (LIBOR) plus 50 basis points; the line-of-credit expires June 2009 and is renewable annually. There was no balance outstanding at December 31, 2008.

### *Letter of Credit*

The Association maintains a \$90,900 unsecured letter of credit. Interest is at prime plus four percent; the letter of credit expires in June 2009 and is renewable annually. There was no balance outstanding at December 31, 2008.

### *Construction Financing*

The Association negotiated financing for the property acquisition and construction of its new headquarters in 2005. The terms of the loan permitted borrowing up to \$43 million at LIBOR plus 55 basis points. The mortgage payable outstanding at December 31, 2008 was \$32,450,000.

Under the terms of the loan agreement, repayment of \$18,000,000 is due on the earlier of January 31, 2009 or the settlement date for the sale of the Rockville Pike property. Pursuant to an amendment of the Loan Agreement dated February 20, 2009, the terms were modified to require repayment of the outstanding principal balance in equal monthly installments of \$75,000 beginning April 15, 2009 continuing until February 15, 2012 upon which the remaining unpaid principal is payable in full on March 15, 2012.

In addition, the remaining original mortgage balance is payable over thirty years beginning in February 2008 in equal monthly installments of \$50,000. The unpaid principal of this portion of the mortgage loan is payable in full on January 31, 2021.

Principal payments over the next five years are as follows:

*Year ending December 31,*

2009	\$ 1,275,000
2010	1,500,000
2011	1,500,000
2012	16,125,000
2013	600,000
2014	600,000
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Thereafter	21,600,000
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Total	\$ 32,450,000

## American Speech-Language-Hearing Association

Notes to Financial Statements—Continued

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December 31, 2008

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### NOTE H—DEBT—Continued

#### *Financial Instrument*

In December 2005, the Association entered into an interest-rate swap agreement, which effectively converted the rate of interest owed on \$15,000,000 of its mortgage notes related to construction of the new headquarters building to a fixed rate. Under the agreement, payments are made based on a fixed rate of 5.53 percent on a notational principal balance of \$15,000,000 and receive a variable LIBOR-based variable rate (2.45% at December 31, 2008). The swap agreement carries a 15-year, 7-month term which began in June 2007.

In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, the Association has valued the interest-rate swap liability at \$3,438,319 at December 31, 2008. A corresponding loss on the interest-rate swap of \$3,058,095 has been recorded in the accompanying statements for the year 2008.

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### NOTE I—BOARD-DESIGNATED FUNDS

The Association's Board-designated New Initiatives Fund is composed of amounts designated for market research, product development and marketing. The balance designated at December 31, 2008, is \$311,967.

The Association's Board-designated Housing Fund serves to aggregate activities pertaining to the construction and/or lease of office facilities for the Association (e.g., construction and major renovation, related financing costs, rental of auxiliary space) and related activities and to provide separately identified resources for their funding. The balance designated at December 31, 2008, is \$10,092,682.

The Association's Board-designated Reserve Funds serve to maintain financial viability in the event of an economic disaster, make funds available to take advantage of economic opportunities to benefit the Association, and provide for long-term investment of funds that are not needed in the short run for cash flow or for capital expenditures. The balance designated at December 31, 2008 is \$22,784,793.

## Supplemental Information



**Report of Independent Certified Public Accountants on  
Supplemental Information**

Audit Committee  
American Speech-Language-Hearing Association

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole of the American Speech-Language-Hearing Association for the year ended December 31, 2008, which are presented in the preceding section of this report. The supplemental information presented hereinafter is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

McLean, Virginia  
June 19, 2009

American Speech-Language-Hearing Association

Schedule of Revenue and Expenses by Natural Classification

Year ended December 31, 2008

	ASHA Operating Fund	Grant and Contract Funds	Other Funds	Eliminations	Total All Funds
<b>Revenue</b>					
Member dues	\$ 25,253,007	\$ —	\$ 1,119,802	\$ —	\$ 26,372,809
Subscriptions and publications (including advertising)	3,831,549	—	—	—	3,831,549
Convention revenue	4,253,311	—	—	—	4,253,311
CAA	372,875	—	—	—	372,875
Workshops/Conferences	585,125	—	—	—	585,125
Membership list rentals	678,491	—	—	—	678,491
Tapes and other products	902,043	—	—	—	902,043
Continuing education	2,369,686	—	50,683	—	2,420,369
Special interest division fees	1,165,733	—	—	—	1,165,733
Royalties	347,352	—	—	—	347,352
Non-member certification fees	670,716	—	23,606	—	694,322
Miscellaneous revenue	521,919	—	780,000	—	1,301,919
Contributions	13,887	—	—	—	13,887
Interest on housing fund expense	122,259	—	(122,259)	—	—
Rental revenue	—	—	980,807	(904,910)	75,897
Grants and contracts	—	35,522	—	—	35,522
<b>Total Revenue</b>	<b>41,087,953</b>	<b>35,522</b>	<b>2,832,639</b>	<b>(904,910)</b>	<b>43,051,204</b>
<b>Expenses</b>					
Salaries	18,207,206	—	224,900	—	18,432,106
Payroll taxes	1,300,730	—	—	—	1,300,730
Group insurance	2,514,405	—	82,132	—	2,596,537
Retirement plan	1,503,635	—	—	—	1,503,635
Depreciation	1,322,586	—	1,107,493	—	2,430,079
Rent	904,910	—	102,699	(904,910)	102,699
Property tax /assessments	—	—	45,187	—	45,187
Repairs and maintenance	731,919	—	26,500	—	758,419
Equipment and space rental	997,941	—	—	—	997,941
Insurance	197,124	—	—	—	197,124
Utilities	534,397	—	40,295	—	574,692
Supplies	1,497,780	3,885	3,350	—	1,505,015
Postage and handling	625,034	—	—	—	625,034
Telephone	263,101	—	—	—	263,101
Affiliation fees	79,660	—	—	—	79,660
Employment costs	94,487	—	—	—	94,487
Travel	704,774	31,637	1,828	—	738,239
ASHA-sponsored projects, food/meeting	1,163,663	—	—	—	1,163,663
Officers, committees, boards and councils	1,167,831	—	—	—	1,167,831
Credit card processing fees	676,007	—	—	—	676,007
Banking fees	155,985	—	—	—	155,985
Professional services	2,444,773	—	32,337	—	2,477,110
Publications	2,613,688	—	—	—	2,613,688
Political Action Committee	18,887	—	—	—	18,887
CAA site visits	178,323	—	—	—	178,323
Contribution to Foundation	241,900	—	—	—	241,900
Other contributions/co-sponsorships	164,060	—	—	—	164,060
Miscellaneous	482,947	—	—	—	482,947
Indirect costs charged to grants, NSSLHA and Foundation	(190,642)	—	—	—	(190,642)
Interest and other housing fund expenses	—	—	1,719,353	—	1,719,353
<b>Total Expenses</b>	<b>40,597,111</b>	<b>35,522</b>	<b>3,386,074</b>	<b>(904,910)</b>	<b>43,113,797</b>
<b>Excess of Expense over Revenue</b>	<b>490,842</b>	<b>—</b>	<b>(553,435)</b>	<b>—</b>	<b>(62,593)</b>
<b>Other Revenue (Expense)</b>					
Interest and dividends, net of management fees of \$197,594	982,280	—	—	—	982,280
Realized gain (loss) on investments	273	—	(1,604,239)	—	(1,603,966)
Unrealized loss on investments	(41,027)	—	(4,567,036)	—	(4,608,063)
Pension related losses other than net periodic benefit cost	(16,742,688)	—	—	—	(16,742,688)
Loss on interest rate swap	—	—	(3,058,095)	—	(3,058,095)
Loss on disposal of assets	(70,862)	—	(9,916)	—	(80,778)
Revenue from expiration of real estate transaction	—	—	4,025,000	—	4,025,000
Unrelated business income tax	(171)	—	—	—	(171)
<b>Total Other Revenue</b>	<b>(15,872,195)</b>	<b>—</b>	<b>(5,214,286)</b>	<b>—</b>	<b>(21,086,481)</b>
<b>Excess of Expenses over Revenue</b>	<b>\$ (15,381,353)</b>	<b>\$ —</b>	<b>\$ (5,767,721)</b>	<b>\$ —</b>	<b>(21,149,074)</b>

American Speech-Language-Hearing Association

Statement of Revenue and Expenses by Fund

Year ended December 31, 2008

	ASHA			Total Funds
	Operating Fund	Other Funds	Eliminations	
<b>Program Revenue</b>				
Member dues	\$ 25,253,007	\$ 1,119,802	\$ —	\$ 26,372,809
Publications:				
ASHA Leader	1,291,340	—	—	1,291,340
JSLHR	494,711	—	—	494,711
LSHSS	132,046	—	—	132,046
AJA	37,365	—	—	37,365
AJSLP	95,850	—	—	95,850
ASHA web site	652,222	—	—	652,222
Special reports and brochures	149,658	—	—	149,658
CAA	372,875	—	—	372,875
Academic affairs	6,950	—	—	6,950
Ethics	2,965	—	—	2,965
Clinical certification	32,740	—	—	32,740
Public information	66,710	—	—	66,710
Governmental affairs	23,583	—	—	23,583
Multicultural affairs	14,128	—	—	14,128
Continuing education	2,369,996	50,683	—	2,420,679
Convention	4,416,572	—	—	4,416,572
Specialty recognition	750	—	—	750
Educational programs and products	1,903,252	—	—	1,903,252
Professional practices	138,076	—	—	138,076
Special interest divisions	1,195,239	—	—	1,195,239
Recruitment and retention	327,177	—	—	327,177
Membership list rentals	678,491	—	—	678,491
Non-member certification fees	670,716	23,606	—	694,322
NSSLHA subscribers	312,845	—	—	312,845
Rental revenue	—	980,807	(904,910)	75,897
Interest on Housing Fund advance	122,259	(122,259)	—	—
Grants and contracts	—	35,522	—	35,522
Other revenue	326,430	780,000	—	1,106,430
<b>Total Program Revenue</b>	<b>41,087,953</b>	<b>2,868,161</b>	<b>(904,910)</b>	<b>43,051,204</b>
<b>Program Expenses</b>				
Publications:				
ASHA Leader	2,390,964	8,404	—	2,399,368
JSLHR	692,757	20,328	—	713,085
LSHSS	408,022	19,328	—	427,350
AJA	188,719	18,488	—	207,207
AJSLP	376,228	18,488	—	394,716
ASHA web site	1,592,430	36,559	—	1,628,989
Special reports and brochures	444,220	21,556	—	465,776
CAA	868,258	—	—	868,258
Academic affairs	550,139	—	—	550,139
Ethics	347,956	—	—	347,956
Clinical certification	1,316,276	—	—	1,316,276

# American Speech-Language-Hearing Association

## Statement of Revenue and Expenses by Fund—Continued

Year ended December 31, 2008

	ASHA			Total Funds
	Operating Fund	Other Funds	Eliminations	
Research	\$ 2,447,676	\$ —	\$ —	\$ 2,447,676
Public information	2,143,512	—	—	2,143,512
Governmental affairs	2,792,446	—	—	2,792,446
Multicultural affairs	872,533	—	—	872,533
Continuing education	1,614,946	58,455	—	1,673,401
Convention	3,130,325	—	—	3,130,325
Specialty recognition	32,405	—	—	32,405
Educational programs and products	1,635,456	9,140	—	1,644,596
Professional practices	2,759,654	—	—	2,759,654
Special interest divisions	1,053,747	—	—	1,053,747
Recruitment and retention	619,882	—	—	619,882
International	110,513	—	—	110,513
Focused initiatives	—	552	—	552
Contingency	135,710	—	—	135,710
Governance	1,473,382	—	—	1,473,382
Contribution to the Foundation	231,901	—	—	231,901
Grants and contracts	—	35,522	—	35,522
Housing Fund expenses	—	3,147,358	(904,910)	2,242,448
	30,230,057	3,394,178	(904,910)	32,719,325
<b>Administrative</b>				
General and administrative	10,367,053	27,419	—	10,394,472
<b>Total Expenses</b>	<b>40,597,110</b>	<b>3,421,597</b>	<b>(904,910)</b>	<b>43,113,797</b>
<b>Excess of Program Expenses over Revenue</b>	<b>490,843</b>	<b>(553,436)</b>	<b>—</b>	<b>(62,593)</b>
<b>Other Revenue (Expense)</b>				
Interest and dividends, net of management fees of \$197,594	982,280	—	—	982,280
Realized gain on investments	273	(1,604,239)	—	(1,603,966)
Unrealized loss on investments	(41,027)	(4,567,036)	—	(4,608,063)
Gain/Loss per FASB 158	(16,742,688)	—	—	(16,742,688)
Loss on interest rate swap	—	(3,058,095)	—	(3,058,095)
Loss on disposal of assets	(70,862)	(9,916)	—	(80,778)
Revenue from expiration of real estate transaction	—	4,025,000	—	4,025,000
Unrelated business income tax	(171)	—	—	(171)
<b>Total Other Revenue</b>	<b>(15,872,195)</b>	<b>(5,214,286)</b>	<b>—</b>	<b>(21,086,481)</b>
<b>Change in Net Assets</b>	<b>\$ (15,381,352)</b>	<b>\$ (5,767,722)</b>	<b>\$ —</b>	<b>\$ (21,149,074)</b>