



WHY WE FIGHT

2024 ANNUAL REPORT

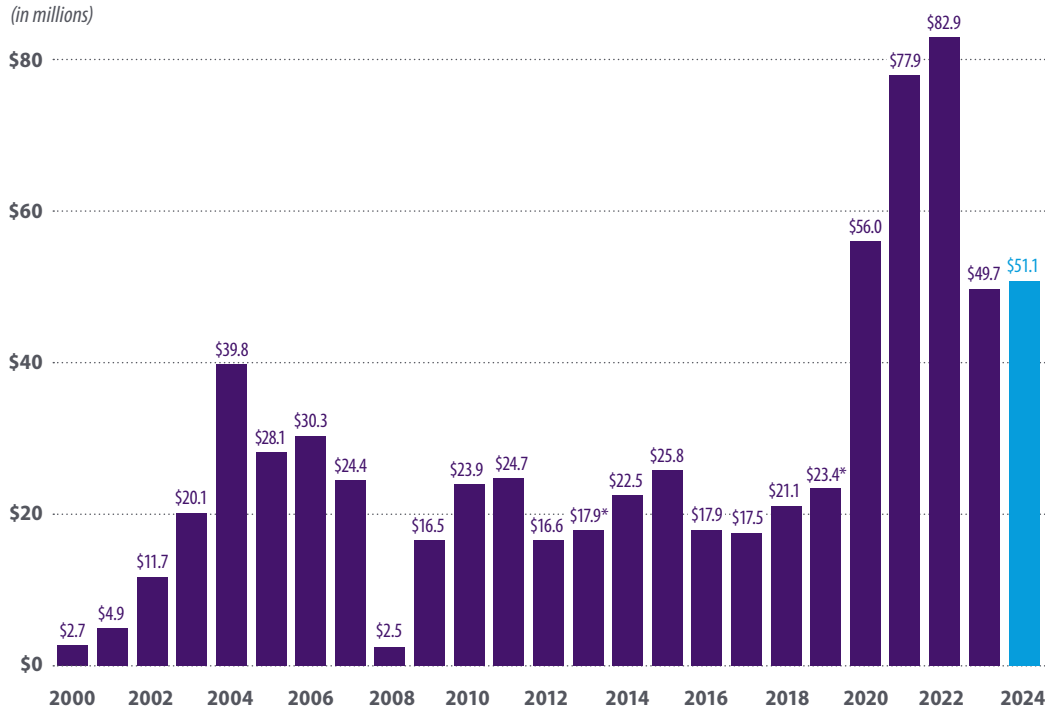


Financial highlights

(Dollars in millions)	2024	2023
Revenues	\$ 513.2	\$ 495.1
Cost of products sold and selling expense	23.7	27.8
General and administrative expenses	434.3	412.5
Net operating results	51.1	49.7
Non-operating items	74.1	101.7
Changes in defined benefit postretirement plans, other than periodic expense, net of tax	2.0	(17.3)
Change in association equity	127.2	134.1
Change in association equity – donor restricted	0.1	(0.1)
Change in total association equity	\$ 127.3	\$ 134.0
Association equity at year-end	\$ 1,150.7	\$ 1,023.4
Employees at year-end	1,331	1,314

Association operating results

(in millions)



* Pro forma operating results: 1) 2013 excludes \$33 million in nonrecurring charges relating to AMA's headquarters relocation and 2) 2019 excludes \$36.2 million noncash pension termination expense reclassification from non-operating results.

2020 through 2022 results were impacted by a lack of travel due to the pandemic, as well as a hiring freeze and subsequent tight labor market. These savings were temporary in nature.

Letter to stakeholders

During an important election year, in which the public's attention was often frayed, the American Medical Association remained hyper focused on priorities critical to supporting and strengthening our nation's physician workforce and improving the lives of patients.

This is why we fight.

Grounding our work in the Principles of Medical Ethics and the policies of the AMA House of Delegates, the AMA was resolute in its fight to repair a broken health care system—one that is threatening the viability of physician practices and patient access to care, contributing to alarming rates of burnout and dissatisfaction, and placing enormous pressure on an already strained public health infrastructure.

The AMA's advocacy campaign to reform the onerous prior authorization process, including its "Fix Prior Auth" grassroots campaign, resulted in important reforms—both at the federal level and in more than a dozen states—that are expected to save physician practices billions over the next decade.

The AMA's "Fix Medicare Now" grassroots campaign, which received widespread media attention, generated more than a half-million contacts to members of Congress and helped secure introduction of two important pieces of federal legislation to reform the Medicare payment system.

Thanks to the AMA's relentless year-long push to reform an unsustainable Medicare reimbursement model, policymakers in Washington, D.C. now understand and acknowledge the Medicare physician payment crisis and are working in a bipartisan fashion for permanent solutions aligned with AMA recommendations to fix the problem that has cut physician payment by 33 percent since 2001.

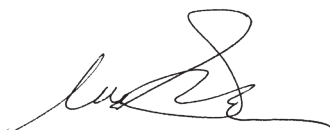
Support for physician mental health and well-being expanded in 2024 as the AMA led, funded or contributed to 38 research projects to address burnout, promote digital health solutions and aid the long-term sustainability of physician practices. The AMA also recognized 62 health systems for implementing

evidence-based strategies to improve physician and health provider well-being through the AMA's Joy in Medicine™ Health System Recognition Program.

In the courts, the AMA was a critical voice for physicians and organized medicine on a broad range of public health issues, including restricting access to e-cigarettes, tougher regulation of unlicensed and untraceable "ghost" guns, and expanding access to care. In addition to defending physicians from criminal and civil penalties for providing necessary care, the AMA was a plaintiff in a major antitrust case against MultiPlan, a data analytics company accused of creating a price-fixing conspiracy with the largest commercial health insurance companies in the country.

The AMA continued its work to ensure the physician's perspective is represented in the design, implementation and evaluation of new health care technologies, while helping physicians make sense of the risks and opportunities of augmented intelligence (AI) in medicine.

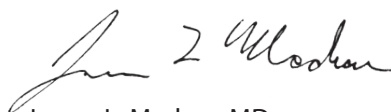
The AMA's advocacy and mission activities were fueled by another year of strong financial performance and continued membership growth, putting the AMA in the position to support physicians today and well into the future. AMA dues-paying membership has increased 40 percent in the last 15 years—with a 3.1 percent increase in 2024 alone—as more physicians, medical students and residents recognize our efforts and want the AMA fighting on their behalf.



Michael Suk, MD, JD, MPH, MBA
Chair, Board of Trustees



Madelyn E. Butler, MD
Finance Committee Chair, Board of Trustees



James L. Madara, MD
CEO and Executive Vice President

Why we fight

As the unified voice for physicians from every state and every specialty, the AMA *can* create a better future for patients, the practice of medicine and the health care system. By working together, we can make it happen. **This is why we fight.**

While 2024 had its challenges, it also had its victories. The AMA continued to advocate for physicians and patients and saw progress in each of our top priorities:

- Reforming Medicare payment
- Fixing prior authorization
- Fighting scope creep
- Reducing physician burnout
- Making technology work for physicians

This year's report highlights these accomplishments and much more as we continue our work to remove obstacles that interfere with patient care.

#FightingForDocs



Theresa Rohr-Kirchgraber, MD
AMA member

Bhushan H. Pandya, MD
AMA member

Victoria Gordon, DO
AMA member

Nicolas K. Fletcher, MD, MHSA
AMA member

Reforming Medicare payment

33% decline in Medicare physician pay since 2001

In 2024 our work to reform the Medicare physician payment system continued. Fueled in part by the AMA garnering more than 550,000 contacts to Congress as part of our “**Fix Medicare Now**” grassroots campaign, the AMA spurred legislators and policymakers to work in bipartisan fashion to introduce two important pieces of legislation:

- H.R. 2474, which would enact an annual, permanent inflationary payment update in Medicare that is tied to the Medicare Economic Index
- H.R. 6371, which would reform the budget neutrality policies that have been producing across-the-board payment cuts

The AMA will not stand for practices needing to close and patient access to care being threatened. Medicare payment reform will remain the AMA's top advocacy priority until meaningful reforms are achieved.

“Through our efforts, legislators in Congress are listening, and there is bipartisan support for a need to fix the Medicare payments problem.”

Bruce A. Scott, MD
AMA president



Fixing prior authorization

64% of physicians report that prior authorization can destabilize a patient whose condition was previously stabilized on a specific treatment.

When a sustained, coordinated push was needed to take on prior authorization issues, the AMA leaned into its “**Fix Prior Auth**” grassroots campaign. This, combined with powerful AMA advocacy applied pressure on federal and state legislators and policymakers to act in passing meaningful prior authorization reforms that included:

- The Centers for Medicare & Medicaid Services (CMS) released final regulations to cut patient care delays and electronically streamline the prior authorization process for physicians—**saving physicians billions over 10 years according to CMS.**
- More than a dozen states enacting prior authorization reform laws guided and supported by the AMA and multiple state medical associations.

The AMA will continue to advocate for prior authorization reforms and to challenge insurance companies to eliminate care delays, patient harms and practice hassles.

“The AMA is the voice of physicians to legislators, to regulators, to insurance companies. There’s no one else who speaks with such a powerful megaphone on prior authorization.”

Jordan Warchol, MD, MPH
AMA member

Fighting scope creep

95% of surveyed patients want physicians to be involved in their health care diagnosis and treatment.

The AMA worked alongside state medical associations from across the country to oppose inappropriate scope expansions in more than 40 states in 2024. Much of the success was driven by the **AMA Scope of Practice Partnership**—an initiative that has provided millions in grants since its inception—and the remarkable expertise and dedication of the **AMA Advocacy Resource Center** lawyers and staff.

The AMA delivered concrete results including the defeat of more than 80 bills across the country that, if passed, would have allowed:

- Physician assistants and nurse practitioners to independently practice medicine
- Pharmacists to independently diagnose and prescribe medications to patients
- Naturopaths to prescribe legend drugs or perform surgical procedures
- Optometrists to perform surgery
- Nurse anesthetists to provide anesthesia services without physician supervision
- Psychologists to independently prescribe medications

Expanding non-physicians' scope of practice puts patients at risk. The AMA will vigorously defend the practice of medicine and advocate for physician-led team-based care, where the complementary skill sets of all health care professionals provide the best possible care to patients.

“The AMA Scope of Practice Partnership has been invaluable to my work fighting inappropriate scope of practice legislation in South Dakota.”

Mary S. Carpenter, MD
AMA member



Reducing physician burnout

More than
45% of
physicians are
experiencing
symptoms of
burnout.

As the leader in physician well-being and innovative burnout research, the AMA is fighting against physician burnout, and in 2024 we made significant progress.

As of the end of 2024, the AMA had helped 34 licensure boards—including 29 medical boards—and more than 425 hospitals and health systems revise their licensing or credentialing applications to remove intrusive mental health questions and stigmatizing language. This important step forward could only have happened through ongoing partnerships with organizations like the Dr. Lorna Breen Heroes' Foundation.

Our accomplishments didn't stop there. In 2024 the **AMA's Joy in Medicine™ Health System Recognition Program** recognized 62 health systems that met the evidenced-based criteria demonstrating their commitment to organizational well-being—these additions brought the list of currently recognized organizations to 130 across 35 states.

The AMA will continue to address and combat the drivers of physician burnout so that physicians receive the support they need to thrive.

“Physicians deserve to practice in an environment where they can **take care of their patients and take care of themselves.**”

Claude Brunson, MD, MS
AMA member

Making technology work for physicians

Technology should be an asset to physicians and patients—not a burden.

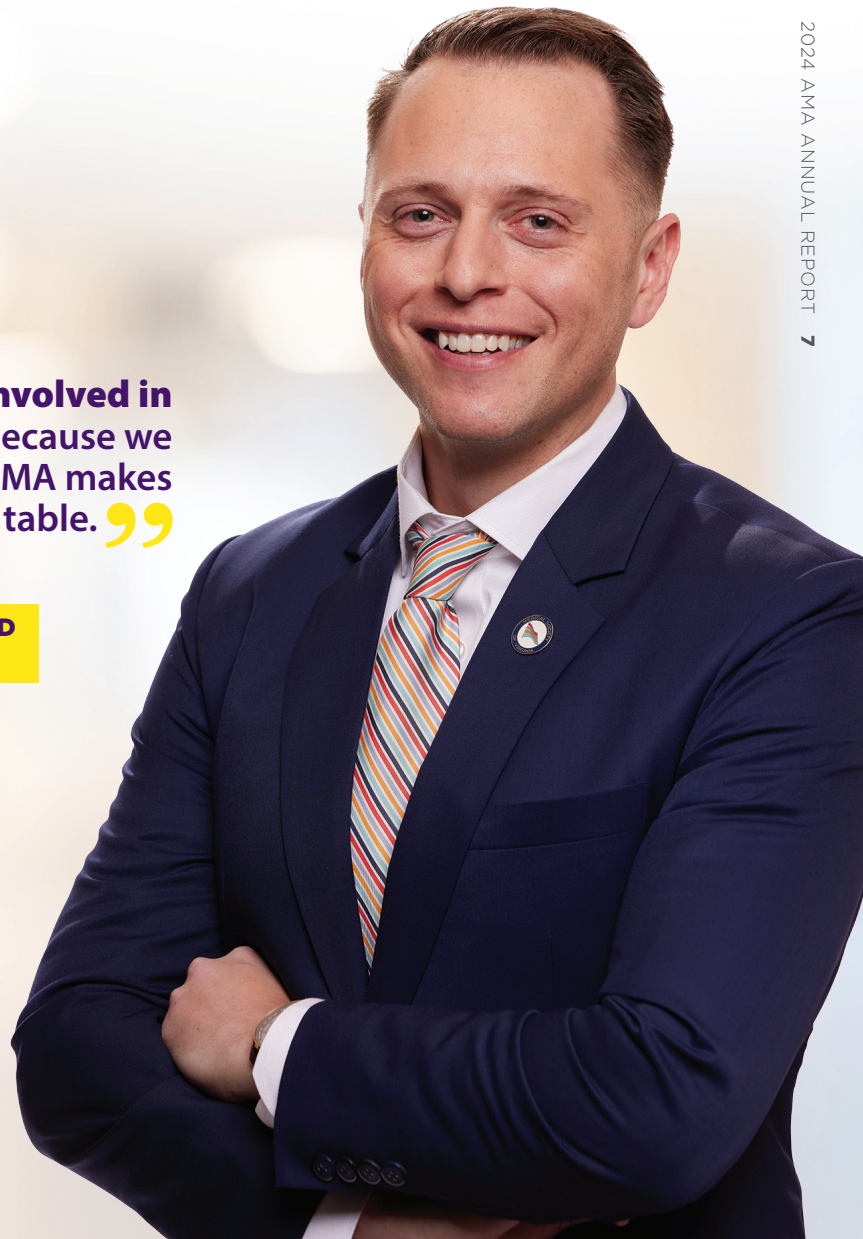
Technology is engrained in virtually all aspects of health care, yet it can feel cumbersome, costly and inefficient when put into practice. From AI implementation to EHR usability, the AMA is dedicated to ensuring technology works *for* physicians—not the other way around.

In 2024, underscoring its commitment to making sure the physician voice is ever-present as AI in health care expands, the AMA released “**The emerging landscape of AI in health care**,” a report that provides an overview of current and future AI use cases, potential applications, opportunities and risks.

The AMA will fight to make sure the physician voice is integrated into the creation and refinement of all health care technology.

“**Physicians need to be involved in developing new technologies because we are the ones who use them. The AMA makes sure we have a seat at the table.**”

Joshua Lesko, MD
AMA member



Additional 2024 highlights

As physicians' powerful ally in patient care, the AMA focuses on providing solutions to issues that matter most to physicians. Care delivery, practice efficiency support, educational resources, representation in the courts, improving health outcomes and so much more—across a broad range of challenges and opportunities, the AMA celebrated numerous successes.



From the U.S. Supreme Court to state courts, the AMA was a powerful, unifying voice for physicians and organized medicine. In addition to leading the **antitrust lawsuit** against MultiPlan, the data analytics company that allegedly conspired with major health insurers to force physicians to accept lower reimbursement rates, the AMA filed *amicus* briefs on a broad range of public health issues, including e-cigarettes, firearm safety and access to care.

More than 1.1 million physicians and other licensed/credentialed health care professionals benefited from the AMA and partnering organizations' efforts into ending stigmatizing questions on medical licensing and credentialing applications.



The AMA received a record-breaking number of abstract submissions—1,300—for the **AMA Research Challenge**—the largest national, multi-specialty medical research conference for medical students and residents to showcase and present research featuring a \$10,000 grand prize, presented by Laurel Road.

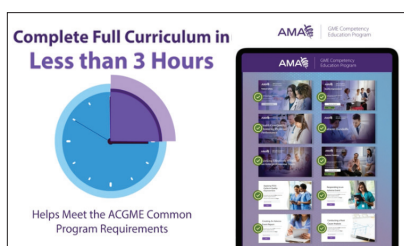
Following the Change Healthcare cyberattack, which demonstrated the need to enhance cybersecurity in health care, the AMA took a leading role in advocating at all levels of government and across the payer community to **strengthen cybersecurity** and find solutions that will allow physician practices to maintain financial stability.

31M the number of readers, listeners and viewers who consumed AMA digital content (excluding JAMA® and AMA Ed Hub™)



The AMA partnered with more than 100 health systems to identify and assess system-level drivers of well-being through the **AMA's Organizational Biopsy® validated well-being assessment**.

The AMA concluded the 2024 AMA ChangeMedEd® Innovation Grant Program that awarded grants to 13 organizations whose work is part of a two-year effort that is culminating with the launch of the AMA's **new precision education portfolio** in 2025.



The AMA launched our **Foundations of Quality Improvement and Patient Safety (QIPS) curriculum** through our GME Competency Education Program (GCEP). The curriculum has already received a Brandon Hall Group award for Excellence in Online Courses and a Digital Health Award for digital health/media publications in health education. This is the fifth time that the GCEP program has taken home a Digital Health Award.

The AMA developed more than 90 new or updated **AMA STEPS Forward® resources** including toolkits, webinars and podcast episodes focused on improving practice efficiency, preventing physician burnout and creating the organizational foundation for joy in medicine.

The AMA helped physicians stay on top of rapidly evolving health care technology by presenting several webinars including “Digital empathy,” “The human factor in solving problems” and “Navigating AI in health care.”

AMA Ed Hub™, the AMA’s online education platform, continued to experience high engagement:

8K+
education
activities

475K+
registered
users

4M
visitor
sessions

600K
courses
completed

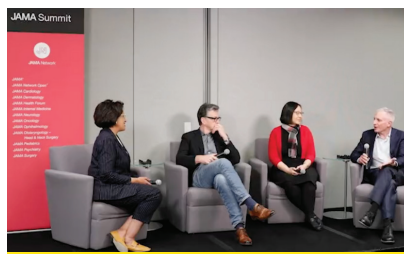
The AMA reaffirmed its commitment to health equity by updating our multi-faceted equity strategic plan through 2025. This work spans state and federal advocacy, education and training for physicians and community investments that target the root causes of inequities in medicine.

The AMA conducted research exploring the role of Current Procedural Terminology (CPT®) in value-based care. The effort identified crucial ways to help ensure the CPT code set remains a crucial resource as **value-based care** continues to evolve in health care delivery.

JAMA® hosted the second annual **JAMA Summit™**, convening leaders from across sectors and around the world to discuss critical issues in medicine and health care. This year’s event focused on the integration of AI in clinical medicine.

JAMA+ AI launched as a premier resource for authors and readers seeking the latest science and commentary on AI and its application to medicine and public health.

3.3M physicians and
health care team members
have used **AMA STEPS
Forward®** since 2015.





An additional 281 health care organizations used **AMA hypertension solutions** to help their physicians and care teams improve blood pressure control in patients. Through our collaboration with these organizations, we reached more than 2.5 million patients with hypertension.

To expand insight into burdensome EHR systems, the AMA awarded grants to five organizations through the **AMA Electronic Health Record Use Research Grant Program** to study EHR usage and improve workflow and resource allocation at the practice and system levels.

In collaboration with more than 20 organizations, the AMA hosted **two National Health Equity Grand Rounds that reached over 24,000 viewers** and featured more than a dozen national experts who discussed transformative change in health care.

The AMA launched **VeriCre™**, to streamline the credentialing process and reduce redundancy for physicians, hospitals and health plans, helping patients to receive care sooner.

14B media impressions on priority topics such as Medicare payment reform

The AMA generated more than 14 billion media impressions on priority topics with 3.8 billion on Medicare payment reform—nearly double the total from 2023.

The AMA, in collaboration with the Centers for Disease Control and Prevention (CDC), launched a new online toolkit to help physicians and other health care professionals **increase routine screenings for HIV, STIs, viral hepatitis and latent tuberculosis**—this in response to rising rates of sexually transmitted infections and viral hepatitis across the United States.

The CDC's National Partners Cooperative Agreement **awarded the AMA \$2.45 million** to support our efforts in advancing hypertension and cholesterol care in communities across the United States.

The AMA won the American Association of Medical Society Executives (AAMSE) **Profile of Excellence Award** for its communications campaign to "Protect Medicine from Government Interference."



The AMA was recognized as "Best Customer Experience Team of the Year" with the "Best Employee-Driven Customer Experience" at the 2024 U.S. Customer Experience (CX) Awards, based on the AMA's use of data, design tools and best practices to make accessing and consuming AMA products and services easy for our members.

Management's discussion and analysis



Management's discussion and analysis

Introduction

The objective of this section is to help American Medical Association (AMA) members and other readers of our financial statements understand management's views on the AMA's financial condition and results of operations. This discussion should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements.

Improving the health of the nation is at the core of the AMA's work. As the physicians' powerful ally in patient care, the AMA delivers on this mission by representing physicians with a unified voice in courts and legislative bodies across the nation, removing the largest governmental and private sector obstacles that interfere with optimal patient care, leading the charge to prevent chronic disease and confront public health crises, and driving the future of medicine to tackle the biggest challenges in health care and training the leaders of tomorrow. AMA's strategic arcs are supported by improving health outcomes, lifelong medical education and enhancing physician professional satisfaction and practice sustainability. Our advocacy, health equity and innovation initiatives function as accelerators across all arcs. AMA's foundation is built on science, membership, financial performance, marketing and communication, and talent and engagement.

2024 priorities are focused on five key goals to rebuild health care so that it works better for physicians and all those they serve: 1) reforming Medicare payment to promote thriving physician practices and innovation; 2) fixing prior authorization to reduce the burden on practices and minimize care delays for patients; 3) promoting physician-led care as health care teams working together—with physicians in the lead—is critical to having the best and safest outcomes for patients; 4) reducing physician burnout and addressing the stigma around mental health; and 5) working to ensure physician voices are integrated into the creation and refinement of all medical technology to make technology an asset to physicians, not a burden.

For example, through research, advocacy and education, the AMA continued to defend the practice of medicine against scope of practice expansions that threaten patient safety. AMA efforts helped deliver concrete results in protecting patients from inappropriate scope of practice expansions, including the defeat of over 80 problematic bills. Spurred by over 550,000 contacts to Congress as part of the AMA's "Fix Medicare Now" grassroots campaign, policymakers are acknowledging the Medicare physician payment crisis and acting toward making permanent payment system solutions in line with AMA recommendations.

The results for 2020 through 2022 were dramatically impacted by the COVID-19 pandemic. Early in 2020, the AMA, like all other organizations, recognized that there was substantial uncertainty about the effects and risk of COVID-19 on our funding, financial condition, and results of operations. As a result, AMA took steps to ensure that programmatic activities and employment levels would be protected during a sustained pandemic, knowing the potential for economic uncertainty. AMA lifted a freeze on hiring in the spring of 2021, but the level of open positions remained high through 2022 as the job market was very tight. Vacancies and limited travel for most of the three years garnered substantial savings that were temporary in nature resulting in unusually high operating income for AMA. Results began to normalize in 2023 and 2024, although better than expected revenue growth and a slower ramp up in operating expenses than expected continue to drive a higher level of net operating income than in the past.

The AMA is committed to its responsibility of ensuring that the organization focuses its finite resources on strategic arcs, accelerators and core mission activities while improving the quality and breadth of products and services for physicians and medical students. Our physicians' and medical students' voices are central to AMA's overall success.

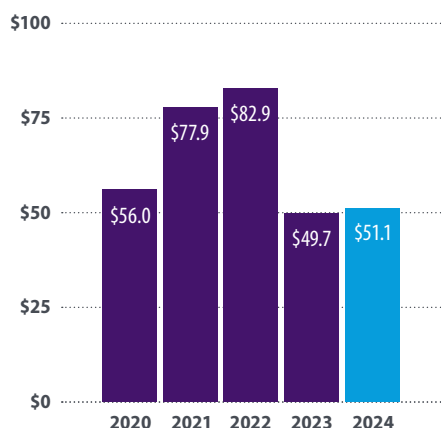
The following pages discuss the 2024 consolidated financial results as compared to 2023. Additional detailed discussion of operating unit results is included in the section titled "Group Operating Results."

Consolidated financial results

Results from operations

Net operating results

(in millions)



As noted above, the hiring freezes and work from home during 2020 through 2021 and the unusually tight labor market that adversely impacted hiring and limited travel and in-person meetings through the first half of 2022 were major factors in spending levels running substantially less than budgets. Spending levels began to normalize in 2023 although open positions remained higher than previously experienced.

In 2024, revenue growth more than offset a continued increase toward normalized spending levels, resulting in a slight improvement in operating results when compared to 2023.

Revenues

In 2024, total revenue increased \$18.1 million over the prior year. Continued growth in AMA's royalties and increased investment income were partially offset by declines in publishing advertising, coding book sales and insurance commission revenue.

Consolidated investment income, which is dividend and interest income, net of management fees, increased in 2024, impacted in large part by higher interest rates and a larger invested asset base. Market gains or losses are not included in investment income and are reported as non-operating results.

The number of AMA dues paying members increased by 3.1 percent in 2024, the 13th year of growth in the past 14 years. During that 14-year period, AMA dues paying membership increased by over 89,000. Dues revenue declined 2.4 percent in 2024 as growth in lower dues paying categories such as group memberships and sponsored memberships partially offset the decline in individual direct member categories.

Most other revenue categories were largely unchanged for the year.

Cost of products sold and selling expenses

All variable expenses related to production, distribution and sale of periodicals, books, coding products and licensed products are included in the cost of products sold and selling expense categories. Examples include paper, sales commissions, promotional activities, distribution costs and third-party editorial costs.

In 2024, cost of products sold and selling expenses decreased \$4.1 million from the prior year. In late 2023, Publishing eliminated distribution of print journals to a controlled population of physicians who were included in measuring journal readership scores, a key indicator for ad placement. This change substantially reduced production and distribution costs in 2024 and partially offset the historical advertising revenue decline. A reduction in coding book sales volume also led to a reduction in related production and selling expenses.

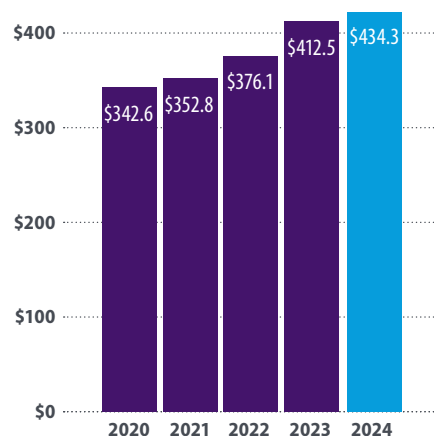
Contribution to general and administrative expenses

Cost of products sold and selling expenses are deducted from revenues to determine the amount of money available for the general and administrative expenses of the organization. Contribution to general and administrative expenses measures the gross margin derived from revenue-producing activities.

The contribution to general and administrative expenses increased \$22.2 million to \$489.5 million in 2024, a combination of the \$18.1 million revenue improvement coupled with the savings from eliminating publishing-controlled circulation and lower production costs from reduced coding book sales.

General and administrative expenses

(in millions)



General and administrative expenses rose \$21.8 million in 2024, or 5.3 percent, when compared to 2023. This was substantially less than the \$48.9 million budgeted increase for 2024, with over \$27 million in savings related to technology, marketing, professional services, and travel impacting results.

Compensation and benefits increased \$17.4 million in 2024, up 6.6 percent. Compensation, including temporary help, was \$7.9 million higher in 2024, a 3 percent increase, which was a function of annual merit increases, as expense for filling open positions was largely offset by savings from terminations. Fringe benefit costs increased \$4.7 million in total primarily due to higher medical, 401(k) plan and payroll tax expenses. Incentive compensation increased \$4.6 million as key performance indicators were achieved or exceeded in 2024.

Occupancy costs were down \$1.4 million, driven by a reduction in depreciation as certain assets acquired during the move to new headquarters were fully depreciated. In late 2022, AMA exercised a contraction option in the main headquarters lease whereby AMA relinquished one full floor of office space beginning in 2023 upon payment of a termination penalty. In late 2023, AMA negotiated an extension of the current headquarters lease in return for future contraction options and lease incentives. The impact will be amortized over the life of the lease and there was largely no change in rent expense in 2024.

Travel and meeting costs increased by \$0.5 million in 2024 due to inflationary cost pressures. Technology costs were largely unchanged. As more technology moves to the cloud, costs associated with the technology platforms will be reflected in operating expense instead of capitalized as an asset and depreciated. This model has the benefit of reducing the need for in-house development expertise but also exposes AMA to more price risk from vendors.

Marketing and promotion costs increased \$3.4 million in 2024, as Advocacy expanded its grassroots and media campaign activity on Medicare payment reform.

Outside professional services increased \$5.5 million in 2024, primarily in Health Solutions, Strategic Arcs, and Enterprise Planning, led by a \$2 million increase in Health Solutions for strategy, market research and platform development as well as over \$1 million in Strategic Insights and Planning for research on health care organizations and AMA's mission impact.

Other operating expenses declined \$4.1 million in 2024 due to the absence of a software write-off associated with exiting the Integrated Health Model Initiative and costs related to liquidating a Health2047 affiliate in 2023.

Operating results before income taxes

The AMA reported \$55.2 million in pre-tax operating income in 2024 compared to \$54.8 million in 2023. The current year results include over \$18 million in revenue growth that was largely offset by higher spending, the latter a continuation toward normal budgeted expense levels.

Income taxes

Taxes decreased \$1 million in 2024 when compared to 2023, reflecting lower taxable income in one of the subsidiaries.

Net operating results

Net operating income was \$51.1 million in 2024 compared to

\$49.7 million in 2023, as revenue growth was largely offset by higher spending.

Non-operating items

The AMA reported a \$79.7 million gain in the fair value of its portfolio during 2024. Additional portfolio performance information is discussed in the group operating results section.

As a result of an accounting standard adopted in 2019 for postretirement benefit plans, non-operating results include \$5.7 million and \$3.9 million in postretirement plan interest expense and recognized actuarial losses and gains for 2024 and 2023, respectively.

Revenue in excess of expenses

Revenues exceeded expenses by \$125.2 million in 2024, a combination of \$51.1 million in operating income, a \$79.7 million gain in fair value in the portfolio and \$5.6 million in other non-operating expenses. In 2023, revenues exceeded expenses by \$151.4 million, a combination of \$49.7 million in operating income, a \$105 million gain in fair value in the portfolio and \$3.3 million in other non-operating expenses.

Accounting standards require organizations to recognize deferred actuarial losses and prior service credits or charges for defined benefit postretirement plans as a charge or credit to equity.

In 2024, AMA recorded a \$2 million credit to equity reflecting an actuarial gain for the postretirement health care plan, net of a reclassification of actuarial gains to operating expense and income tax. The gain resulted primarily from a change in interest rates from 5 percent to 5.7 percent which reduces the present value of projected liabilities, offset by higher claims cost experience.

In 2023, AMA recorded a \$17.3 million charge to equity reflecting an actuarial loss for the postretirement health care plan, net of a reclassification of actuarial gains to operating expense and income tax. The loss resulted primarily from a change in the initial health care cost trend from 7 percent to 8.5 percent and less favorable claims cost experience.

Change in total association equity

(in millions)



The AMA reported a \$127.3 million increase in association equity in 2024. This reflects the amount by which revenues exceeded expenses, plus the credit to equity for changes in defined benefit postretirement plans discussed above, as well as a slight increase in donor-restricted equity.

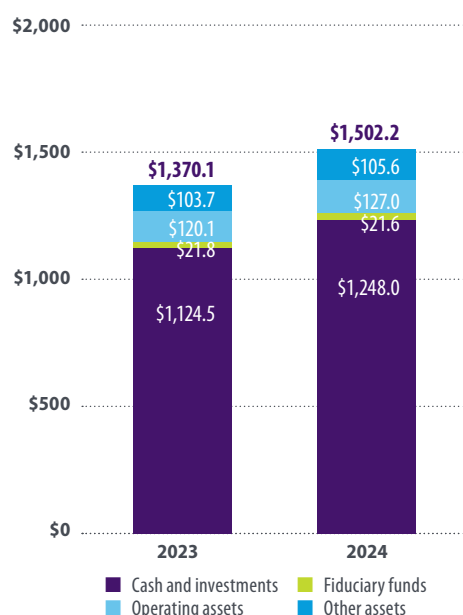
The AMA reported a \$134 million increase in association equity in 2023. This reflects the amount by which revenues exceeded expenses, less the charge to equity for changes in defined benefit postretirement plans discussed above, as well as a small decrease in donor-restricted equity.

Financial position and cash flows

The AMA's assets include cash, cash equivalents and investments; operating assets such as accounts receivable, inventory and prepaid expenses; fixed capital such as equipment, information technology hardware and software; and other assets. AMA assets are supported by association equity, operating liabilities, and deferred revenue.

Assets

(in millions)



The AMA's total assets increased \$132.1 million in 2024. This includes a \$123.5 million increase in cash and investments resulting from \$48 million in free cash flow plus a \$79.7 million gain in the fair value of investment securities less \$4.2 million for investments in affiliates.

Fiduciary funds are premium payments from insurance customers not yet remitted to the carriers and funds held by the AMA for third parties for future use as approved by the third parties. This approximates the offsetting liability titled insurance premiums and other fiduciary funds payable.

Operating assets increased \$6.9 million in 2024, primarily due to an increase in accounts receivable. Changes in operating assets from year to year are largely due to timing of cash flows.

Other assets include operating lease right-of-use assets, property and equipment, investment in affiliates and investments in mutual funds maintained in separate accounts designated for various nonqualified benefit plans that are not available for operations. Property and equipment net book value decreased as new capital spending was exceeded by annual depreciation and amortization of existing capital assets while AMA's investment in affiliates increased by \$4.1 million as new investments and interest on convertible notes were reduced by AMA's share of the affiliates' operating losses.

Operating liabilities increased \$9.9 million in 2024, led by increases in accrued payroll and employee benefits. A \$3.7 million increase in accrued expenses was offset by a \$3.7 million reduction in lease liability from cash payments exceeding rent expense.

Deferred revenue represents funds received during the year that will not be recognized as income until the following year or thereafter. These amounts vary, as well as accounts payable and accrued expenses, depending on the timing of cash receipts and payments.

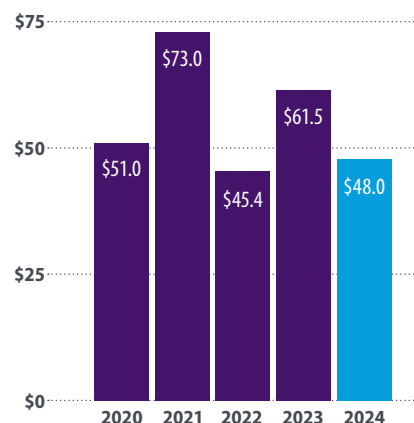
Cash flows

Cash, cash equivalents and donor-restricted cash increased \$3.5 million and \$2.6 million in 2024 and 2023, respectively. This comparison may cause misleading conclusions, as the change in cash and cash equivalents includes reductions for amounts invested in marketable securities, as well as cash inflows from non-operating activities.

Free cash flow measures the AMA's ability to fund operations, capital expenses and major programmatic initiatives from funds generated from operations. This measure excludes non-operating gains and losses.

Free cash

(in millions)

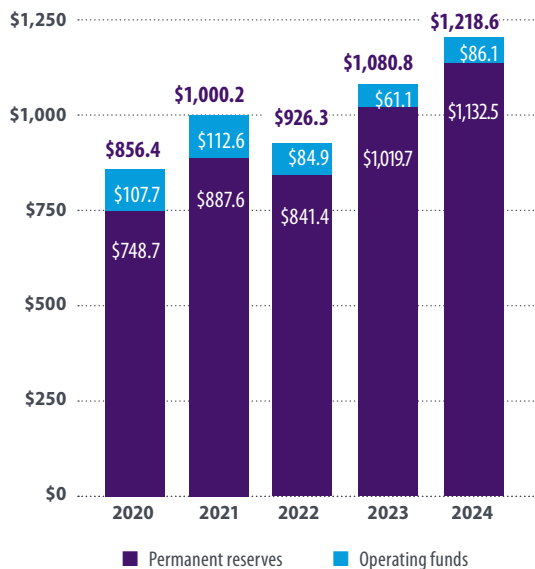


Free cash in 2024 totaled \$48 million, \$13.5 million less than 2023, a result of changes in operating assets and liabilities.

Reserve portfolio

Reserves and operating funds

(in millions)



The reserve and operating fund portfolios above do not include cash and investments in the for-profit subsidiaries and reflect only the not-for-profit entity's cash and investment portfolio values.

As of year-end 2024, the reserve portfolio's value was \$1,132.5 million compared to \$1,019.7 million in 2023, a \$112.8 million increase. That increase was mainly the result of an \$80.3 million gain in the fair value of the reserve portfolio plus a \$30 million transfer of 2023 excess operating funds to reserves. Operating funds totaled \$86.1 million in 2024, up \$25 million from 2023.

The AMA has established a required minimum reserve investment portfolio level that is adequate to cover 100 percent of annual general and administrative expenses (excluding grant expenses) plus an amount sufficient to pay long-term postretirement and lease liabilities (net of the right-of-use asset value). Operating funds, coupled with operating assets, are to be maintained at a level that allows payment of all operating liabilities.

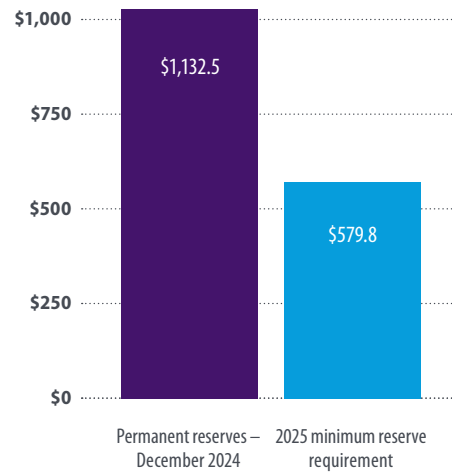
AMA's reserves provide the backbone for the organization's long-term viability and independence, currently operating as a quasi-endowment fund, with a goal of achieving levels that could generate adequate funding to ensure the long-term future of the organization. Building these reserves to function as an endowment fund will provide considerable protection against future loss of revenue and maintain AMA's independence over the long term.

Reserve portfolio funds also provide the AMA with the ability to fund major strategic spending initiatives not within the operating budget. Spending from reserve funds is limited to dollar-or time-

limited initiatives and capped at the amount by which reserves exceed the minimum requirement. Reserves may not be used for ongoing operating expenses. The Board of Trustees must authorize any use of reserves.

Permanent reserves and minimum reserve requirement

(in millions)



Group operating results

The AMA is organized into various operating groups: Membership; Publishing, Health Solutions & Insurance; Strategic Arcs, Accelerators & Core Mission Activities; Administration and Operations; Affiliated Organizations; Unallocated Overhead; and Health2047 (including subsidiary). Revenues and expenses directly attributed to those units are included in the group operating results. A financial summary of group operating results is presented at the end of this section. The prior year financial results have been updated to be consistent with the current year reported results for each group.

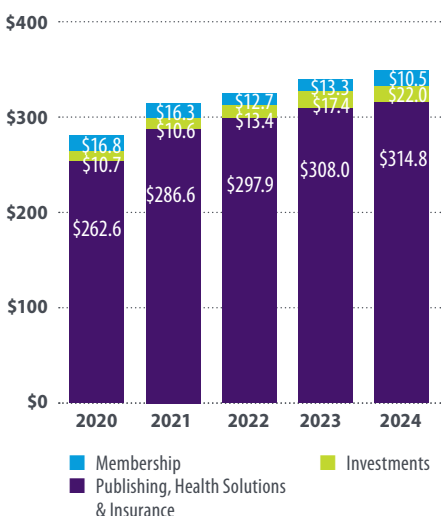
Contribution margin (net expenses)

Contribution margin equals individual group revenues minus cost of products sold, selling expenses, and direct general and administrative expenses such as compensation, occupancy, travel and meetings, technology costs and professional services.

Net expenses equals total spending, net of any revenue produced by the group, such as grants or other fee income. Total contribution margin and net expenses equals consolidated operating results before income taxes. The charts below separate groups with contribution margin from groups with net expenses.

Contribution margin

(in millions)



The contribution margin generated by Membership; Publishing, Health Solutions & Insurance; as well as Investments, provides the funding for all mission-related activities of the AMA as well as funding for all administration and support operations required to run the organization.

Membership

The Membership group's net membership dues revenue includes the gross dues revenue collected, reduced by any commissions paid to state societies, and equals the membership dues revenue reported on the statement of activities.

In 2024, AMA again reported an increase in the number of dues-paying members, up 3.1 percent from 2023. In 13 of the last 14 years, AMA has reported increases in the number of dues-paying members, a major accomplishment. Membership continues to focus on broad use of digital tools to engage physicians and retain them as lifelong members, group membership marketing, and expanding AMA's reach to physicians through programmatic mission-based activities.

Dues revenue was \$32.5 million, a \$0.8 million decrease from 2023. Although the number of physician members increased, most of the growth was in lower dues paying categories. In addition, revenue from lifetime memberships was fully amortized in 2023, the absence of which accounted for \$0.3 million of the 2024 decrease. Membership expenses are up \$2 million from staff expansion and higher membership solicitation costs. As a result, Membership's contribution margin decreased \$2.8 million in 2024.

Publishing, Health Solutions & Insurance

Publications in the JAMA Network® include the *Journal of the American Medical Association (JAMA®)* and the JAMA Network specialty journals. In the last decade, the JAMA Network has launched four new journals: *JAMA Oncology* in 2015 and *JAMA Cardiology* in 2016, which are hybrid journals offering open access options for research articles; *JAMA Network Open* in 2018, a fully open access journal; and *JAMA Health Forum* in 2021, a peer-reviewed, open-access, online journal focused on health policy, health care systems, and global and public health.

Publishing revenues are derived from advertising, subscriptions, site licensing, reprints, electronic licensing, open access fees and royalties. Publishing revenues decreased \$2.1 million in 2024, largely a function of a \$1.9 million decline in print advertising. In late 2023, Publishing eliminated distribution of print journals to a controlled population of physicians who were included in measuring journal readership scores, a key indicator for ad placement, and expected a large drop in advertising as a result. This change reduced production and distribution costs by amounts greater than the advertising revenue loss, but inflationary price increases for printing and production offset some of the benefit. Expenses in total declined \$1.1 million during 2024, as the cost of filling open positions partially offset the savings in production and distribution costs. The contribution margin declined by \$1 million to break-even.

Health Solutions includes two major lines: Database Products, and Books and Digital Content.

Database Products includes royalties from licensed data sales and credentialing products revenue. Revenues increased in 2024, up \$0.5 million when compared to 2023, driven by small price increases for licensed data and growth in credentialing revenues, including initial revenues from a new credentialing product, VeriCre™. This is a credentials wallet that streamlines credentialing by pre-filling physician applications with authoritative, verified AMA data, reducing administrative burden for physicians and medical staff professionals. Total expenses were up \$2.4 million, of which \$0.9 million relates to development of the new physician credentialing product. The remaining \$1.5 million cost increase was driven by filling open positions, and market research and product development projects. The resulting contribution margin declined by \$1.9 million in 2024 to \$52.6 million.

AMA-published books and coding products, such as coding books and tools, workshops, and licensed data files, make up the Books and Digital Content unit. Royalties and digital content sales drove a \$15.9 million revenue increase, as the market for electronic use of digital coding products continues to expand. A three percent price increase as well as phasing in previous pricing

model changes were also factors. Coding book sales declined \$1.7 million in 2024 continuing the move from print products to digital. Expenses were up \$2.6 million, driven by increased compensation from filling open positions and a \$1.6 million increase in professional services for projects related to content and product strategy, market research and project management. The contribution margin increased by \$13.3 million to \$252 million.

The AMA has two active for-profit subsidiaries, the AMA Insurance Agency (Agency) and Health2047. The latter is discussed separately at the end of this discussion and analysis.

The Agency's revenue declined by \$2.7 million in 2024, due to lower commissions and interest income. The Agency, as broker, receives a commission on insurance policies sold. The commission reduction was mainly due to the effect of continued decreases in commission rates to protect the viability of the plan, which allowed the Agency to avoid charging higher premiums to physician customers coupled with a reduction in coverages written. A dividend from the Agency to AMA reduced the investible funds balance, with a resulting decline in investment income. Expenses were up \$0.8 million mainly due to filling open positions and merit increases. The contribution margin decreased to \$13.8 million from \$17.3 million in the prior year.

Other business operations net expenses were up slightly in 2024.

In total, Publishing, Health Solutions & Insurance contribution margin was \$314.8 million, up \$6.8 million from 2023.

Investments (AMA-only)

AMA-only investment income includes dividend and interest earnings on AMA's portfolio. Investment income in AMA's for-profit subsidiaries is included as part of the group results for Publishing, Health Solutions & Insurance and Health2047.

Investments' revenue was \$22.9 million in 2024, a \$4.8 million increase over the prior year. Dividend and interest income continued to improve in 2024, impacted in large part by higher interest rates as well as an increased level of investible funds. The contribution margin increased by \$4.6 million as expenses were largely unchanged.

The net gain or loss on the market value of investments is not included in operating results but reported as a non-operating item. This amount is in addition to the investment income discussed above.

In 2024, AMA reported a net gain of \$79.7 million. The total investment return, including investment income, on the reserve portfolios was 9.4 percent, slightly less than the 9.8 percent gain in the composite benchmark index.

Net expenses

Strategic Arcs

(in millions)



The Strategic Arcs include direct costs associated with the groups for Improving Health Outcomes (IHO), Medical Education (Med Ed), the AMA Ed Hub™ and Professional Satisfaction and Practice Sustainability (PS2).

IHO has developed empirically validated tools such as its AMA MAP™ Solutions (for hypertension control) and dashboards that, in conjunction with its well-established partnerships with the American Heart Association (AHA), Centers for Disease Control and Prevention (CDC), and the Ad Council, have positioned the initiative for national scaling and impact.

The main focus during 2024 was on hypertension outcome goals as progress continues on implementation of cloud-based MAP BP (a three-step program that works to diagnose and manage patients with hypertension) dashboards at health care organizations (HCOs), providing a visual representation of their performance on five key blood pressure metrics, including stratification by ethnicity, race and gender. IHO engaged 281 additional HCOs and reached an additional 774 thousand patients with hypertension through its solutions that helped physicians and care teams achieve blood pressure goals. In addition, the Student Blood Pressure Measurement eLearning Series received the Silver Award for excellence in design. AMA's Validated Device List, provided as a public service to help increase the use of validated blood pressure devices, had over one million viewers. In 2024, net expenses increased by \$1 million, largely due to the use of outside professional services for content strategy development, point of care metrics and reporting and e-learning content.

Advancing Professional Development includes Med Ed and the AMA Ed Hub.

While the Accelerating Change in Medical Education (ACE) undergraduate medical school grants successfully concluded in 2018, AMA has continued to drive multi-school implementation of ACE innovations through ongoing support of the medical education community (ACE Consortium) via scholarly publications, and a disciplined, planned approach to spreading innovation. The five-year Reimagining Residency grants, designed to improve the transition from undergraduate to graduate medical education and to maintain and reinforce the positive changes initiated by the undergraduate consortium work, ended in 2024. Building upon the learning and momentum gained from these two programs, Med Ed will repurpose the residency grant funds to extend its efforts to apply precision education to the full continuum of professional lifelong learning and to foster diversity in the medical student and ultimately the practicing physician population. Now titled ChangeMedEd®, this initiative has inspired a community of innovation in medical education that works collaboratively to create a workforce better prepared to meet the needs of patients and communities, driving change to reduce barriers to lifelong learning, advance health equity and improve patient outcomes. One of the key outcomes of the ACE consortium was the development of Health Systems Science, a foundational platform and framework for the study and understanding of how care is delivered, how health professionals work together to deliver that care, and how the health system can improve patient care and health care delivery.

In 2024, Med Ed expanded its efforts on precision education, a system that can leverage technology and data to improve education personalization and learning efficiency across the continuum, in support of students, residents, fellows, physicians, and ultimately the needs of patients. Innovation Grants were awarded to 13 sites applying precision education approaches in medical school, residency and continuing professional development. The necessary groundwork was laid to launch the AMA Transforming Lifelong Learning Through Precision Education portfolio that will cultivate and promote democratization of the precision education ecosystem to offer individualized learning that aligns physician education with the needs of patients both now and in the future. This will include a four-year, \$12 million Precision Education grant program to start in 2025. Med Ed is also responsible for defining or influencing standards for undergraduate, graduate and continuing medical education and providing support for the Council on Medical Education. Net expenses decreased \$1.6 million in 2024, reflecting the end of the Reimagining Residency grant program in mid-2024.

The AMA Ed Hub, formally launched in 2018, is a multi-sided platform providing physicians and other health care providers content and educational services that support lifelong professional development. The Ed Hub has unified the AMA education portfolio and has piloted integration of external content providers, launched new content sets, and established

internal development plans enterprise wide, including the Health Equity Education Center and the UME Curricular Enrichment Program. The Ed Hub also gives physicians and other health professionals a streamlined way to earn, track and report continuing medical education activities spanning clinical, practice transformation and professionalism topics. The number of external education providers on the platform grew by ten organizations to 60 organizations and the Ed Hub exceeded user engagement goals and met expectations in growth in new users. AMA's continuing medical education (CME) program achieved Accreditation with Commendation from the ACCME, the highest accreditation standard that a CME provider can receive, distinguishing the AMA as a top-tier source of trusted medical education. Net expenses were down \$0.7 million in 2024 due largely to a reduced level of technology development as the Ed Hub platform has reached a stable state.

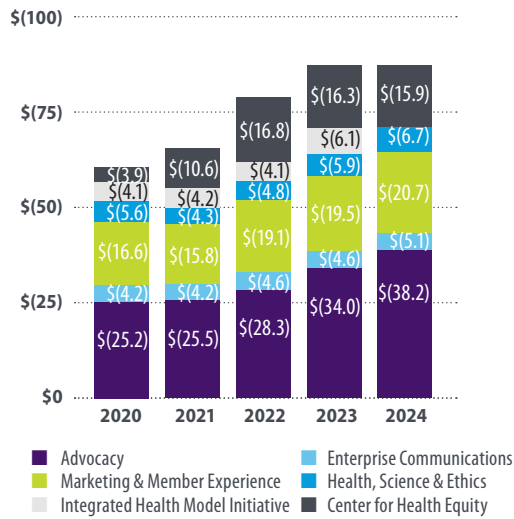
PS2 includes three major streams of work: professional satisfaction/practice transformation, practice sustainability, and digital health, all designed to improve the day-to-day practice and professional experience of physicians and remove obstacles to care. The goals of this group are to promote successful models in both the public and private sectors. This includes expanding research of credible practice science, creating tools and other solutions to help guide physicians, care teams and health system leaders on developing and implementing strategies to optimize practice efficiencies, reduce burnout and improve professional well-being; ensuring the physician perspective is represented in the design, implementation and evaluation of new health care technologies; and shaping the evolution of payment models for sustainability and satisfaction.

In 2024, the PS2 resources such as the Organizational Biopsy®, STEPS Forward®, the Joy in Medicine™ Health System Recognition Program, webinars, podcasts, coaching and learning collaboratives increased the impact of PS2 efforts with physicians as measured by the number of physicians served and the assessment of high value reflected in post-engagement surveys.

PS2 led, funded or contributed to 38 research projects on physician and practice issues, burnout, and digital health solutions and published 17 peer-reviewed studies on physician and practice issues, strengthening the evidence base for AMA solutions. The AMA Joy in Medicine Health System Recognition Program recognized 62 health systems who met the evidence-based criteria representing their commitment to organizational well-being. Providing over 90 new or updated AMA STEPS Forward resources (toolkits, webinars, podcasts, and playbooks) helped drive the user growth to over three million. AMA also co-sponsored the 2024 International Conference on Physician Health with the Canadian Medical Association and the British Medical Association with over 550 participants. In 2024, net expenses increased \$0.8 million, driven almost entirely by staffing increases.

Accelerators & Core Mission Activities

(in millions)



Accelerators & Core Mission Activities currently includes five groups: Advocacy; Health, Science & Ethics; Center for Health Equity (CHE); Enterprise Communications; and Marketing & Member Experience (MMX). The Integrated Health Model Initiative, focused on technology innovation, was closed in 2023 as it became clear that the projects developed failed to achieve traction in the market.

Advocacy includes federal and state level advocacy to enact laws and advance regulations on issues important to patients and physicians; economic, statistical and market research to support advocacy efforts; political education for physicians; grassroots advocacy; and maintaining relations with the federation of medicine. This ensures that AMA's critical voice is represented in federal and state courts around the country on a broad range of issues, working with state and federal policymakers to oppose legislation and laws that interfere with the practice of medicine and elevating the voice of physician leadership on critical issues of public health.

Advocacy led the launch of a major media and grassroots campaign, "Fix Medicare Now", to urge Congress to address long-term, systemic reform of Medicare payments through the AMA's coalition. Through this campaign, policymakers are acknowledging the Medicare physician payment crisis and acting toward making permanent payment system solutions in line with AMA recommendations. In response to AMA advocacy, two important pieces of legislation were introduced that would provide crucial reforms to the Medicare physician payment system: H.R. 2474, which would enact an annual, permanent inflationary payment update in Medicare that is tied to the Medicare Economic Index and H.R. 6371, which would reform the budget neutrality policies that have been producing across-the-board payment cuts.

AMA's "Fix Prior Auth" grassroots campaign and sustained advocacy led to the Centers for Medicare & Medicaid Services releasing final regulations making important reforms to prior authorization, federal lawmakers pursuing legislative solutions, and over a dozen states enacting prior authorization reform laws supported by the AMA and state medical associations.

AMA efforts helped deliver concrete results in protecting patients from inappropriate scope of practice expansions, including the defeat of over 80 problematic bills. In 2024, Advocacy net spending increased \$4.2 million, led by \$2.9 million in additional media and professional service costs for the Medicare reform campaign. Use of outside professional services for other projects such as physician surveys, health legislation strategy and quality measures, accounted for most of the remaining increase.

Health, Science & Ethics is involved in developing AMA policies on scientific, public health and ethical issues for the House of Delegates; providing leadership, subject matter expertise and scientifically sound content and evidence that underpins and informs both current and future AMA initiatives in areas such as infectious disease, drug policy and opioid prescribing; overseeing maintenance of the AMA *Code of Medical Ethics* and publication of the *AMA Journal of Ethics*®, AMA's online ethics journal; and managing the United States Adopted Names (USAN) program, responsible for selecting generic names for drugs by establishing logical nomenclature classifications based on pharmacological or chemical relationships (reported separately in group operating results).

In 2024, this group provided critical expertise for updating the World Medical Association Declaration of Helsinki which sets ethical principles for biomedical research, published issues examining topical areas such as harm reduction in opioid use disorders to evidence-based architectural design in health care, supported the Firearm Injury Prevention Task Force and launched online toolkits with the CDC to help physicians and other health care professionals increase routine screenings for sexually transmitted infections and viral hepatitis. Net expenses increased \$0.8 million in 2024, mainly due to staffing costs.

CHE was created in response to a Board sponsored 2018 taskforce that identified a continuing and urgent need for the AMA to play a leading and public role in eliminating health care disparities and promoting health equity through all segments of our society. In 2024, CHE devoted significant effort to working with HCOs through the Equitable Professional Societies Network under the Rise to Health Coalition of which AMA is a founding member; launched the third cohort of the Medical Justice and Advocacy Fellowship, bringing the total number of fellows to 33; held the first hybrid National Health Equity Grand Rounds; and continued engagement of Federation members, completing the second Health Equity in Organized Medicine survey. CHE continued its educational work, establishing and embedding equity education and training curriculum for AMA staff.

Additionally, CHE staff supported the Board's Truth, Reconciliation, Healing and Transformation Task Force and, with grant funding in partnership with Harvard University, initiated a multi-year archival research project that as part of its purpose will inform Task Force deliberations. CHE has largely achieved its planned level of growth and net expenses declined slightly in 2024.

MMX extends the reach and impact of AMA's mission and advocacy initiatives, builds and executes programs to grow and retain members and strengthens the AMA brand. MMX continues to take on increased oversight for managing the quality, timing and relevance of the experience physicians have at each point of interaction through AMA's digital publishing, health system engagement and member programs. MMX creates or packages AMA's content into digital formats and distributes AMA resources and thought leadership to intended audiences through owned and paid channels, raising awareness of AMA initiatives, resources and accomplishments and elevating the voice of AMA and physicians. Key results in 2024 included the launch of the "Why We Fight" campaign focused on reforming Medicare payment, fighting scope creep, fixing prior authorization, reducing physician burnout, and making technology work for physicians. MMX also focused on working collaboratively with key business units (PS2, IHO, CHE, Med Ed, Ed Hub) to expand delivery of mission value to existing and potential new health system partners and developing a pragmatic and growth-oriented marketing program for AMA's Health Equity work. AMA's audience of readers, watchers and listeners totaling 31 million in 2024.

Net expenses increased \$1.2 million in 2024, with increased spending on marketing and technology to support delivery of AMA's message.

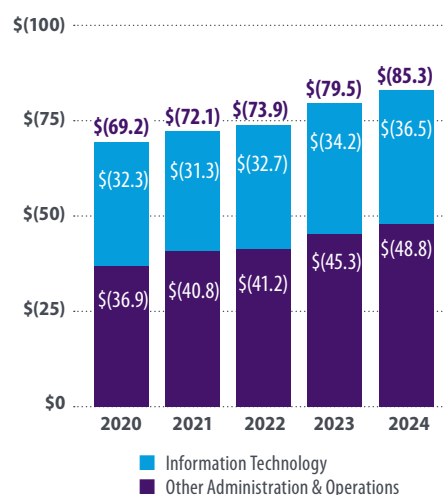
Ongoing responsibilities of the Enterprise Communications area include amplifying the work of individual operating units among their core audiences while providing consistency and alignment with the AMA narrative. Enterprise Communications distinctly communicates AMA's leading voice in science and evidence to embed equity, innovation, and advocacy across the AMA's strategic work throughout health care. Net expenses were up \$0.5 million in 2024, largely due to increased staffing costs.

Governance

Governance includes the Board of Trustees and Officer Services, the House of Delegates (HOD), Sections and Special Constituencies & International units. The Board of Trustees unit includes costs related to governance activities as well as expenses associated with support of the Strategic Arcs, Accelerators and Core Mission Activities. The HOD, Sections and Special Constituencies & International unit includes costs associated with annual and interim meetings, groups, sections and other HOD activities, as well as costs associated with AMA's involvement in the World Medical Association. In 2024, Governance net spending was up \$1.1 million, mainly recruiting and relocation costs.

Administration and Operations

(in millions)



These units provide administrative and operational support for Publishing & Health Solutions, Membership, Strategic Arcs, Accelerators and Core Mission Activities, as well as other operating groups. Net expenses were up 7.3 percent in 2024, an increase of \$5.8 million, due to compensation costs from staff additions, filling open positions and merit increases; increased technology costs and over \$1 million for use of outside resources on projects related to AMA mission-based impact and HCO research.

Affiliated Organizations

Affiliated Organizations represent either grant or in-kind service support provided by the AMA to other foundations and societies. In some cases, the AMA is reimbursed for services provided. No net expenses were reported in 2024.

Unallocated Overhead

The net expenses in this area include costs not allocated back to operating units such as corporate insurance and actuarial services, employee incentive compensation, valuation allowances or other reserves. In 2024, these expenses total \$35.6 million, up \$6.3 million from 2023. Higher incentive and other compensation were the main factors in the increase.

Health2047 and Subsidiary

AMA owns a business formation and commercialization enterprise designed to enhance AMA's ability to define, create, develop and launch, with partners, a portfolio of products and technologies that will have a profound impact on many aspects of the U.S. health care system and population health, with a central goal of helping physicians in practice. The AMA Board of Trustees approved the use of reserves to establish this subsidiary with plans to use third-party resources to assist in funding spinoffs with commercial potential in future years. These liquidity events generally occur somewhere between eight and twelve years after the initial spinoff.

Health2047's mission is to advance the AMA's strategic arcs by developing early-stage companies that will attract third-party investment as they mature to successful financial exits. Health2047 operates with two critical venture industry expectations: one that only a minority of early-stage start-up companies will reach maturity and consequently that it is important to aggressively manage investments and second that the industry expected timeframe for successful exit is between 8 and 12 years.

To date, twelve spinout companies have been launched, nine of which continue to operate and are attracting outside interest and investment. Given the relative youth of Health2047, none of these spinout companies have yet achieved a final financial exit. The nine spinout companies reflect a wide range of physician centric solutions including community-based diabetes prevention, Medicare Advantage for underserved populations, effective data extraction for health care enterprises, decentralized and diverse clinical trials, obesity phenotyping for precision medicine, evidence-based point of care insight, a digital learning platform for medical and health professional schools, and augmented intelligence applied to medical images.

Net expenses decreased by \$3.5 million in 2024 as reductions in compensation and benefits and marketing were partially offset by increased use of consultants. In addition, the 2023 results included a \$2.2 million loss on the liquidation of one of the spinout companies, which did not recur in 2024.

The summary of group operating results is included on the following page.

American Medical Association group operating results

(in millions)	Revenues		Margin (Net Expenses)	
	2024	2023	2024	2023
Membership	\$ 32.5	\$ 33.3	\$ 10.5	\$ 13.3
Publishing, Health Solutions & Insurance				
Publishing	61.7	63.8	-	1.0
Books and Digital Content	281.4	265.5	252.0	238.7
Database Products	68.2	67.7	52.6	54.5
Insurance Agency/Affinity Products	34.4	37.1	13.8	17.3
Other business operations	-	-	(3.6)	(3.5)
	445.7	434.1	314.8	308.0
Investments (AMA-only)	22.9	18.1	22.0	17.4
Strategic Arcs, Accelerators & Core Mission Activities				
Improving Health Outcomes	-	-	(15.4)	(14.4)
Medical Education	0.2	0.4	(15.5)	(17.1)
AMA Ed Hub	0.4	0.3	(11.5)	(12.2)
Professional Satisfaction and Practice Sustainability	-	0.6	(13.7)	(12.9)
Advocacy	0.9	1.0	(38.2)	(34.0)
Health, Science & Ethics	2.9	2.4	(6.7)	(5.9)
Center for Health Equity	0.7	-	(15.9)	(16.3)
Integrated Health Model Initiative	-	-	-	(6.1)
Marketing and Member Experience	-	-	(20.7)	(19.5)
Enterprise Communications	-	-	(5.1)	(4.6)
United States Adopted Names Program	4.7	3.4	3.8	2.6
	9.8	8.1	(138.9)	(140.4)
Governance				
Board of Trustees and Officer Services	-	-	(7.8)	(6.8)
House of Delegates, Sections, Special Constituencies & International	0.1	0.1	(11.1)	(11.0)
	0.1	0.1	(18.9)	(17.8)
Administration and Operations				
Information Technology	-	-	(36.5)	(34.2)
Senior Executive Management	-	-	(7.4)	(7.5)
General Counsel	-	-	(6.6)	(6.3)
Finance & Risk Management	-	-	(9.8)	(9.0)
Human Resources	-	-	(8.9)	(8.2)
Corporate Services	-	-	(6.2)	(6.2)
Customer Service	-	-	(3.7)	(3.6)
Strategic Insights and Planning	-	-	(6.2)	(4.5)
	-	-	(85.3)	(79.5)
Affiliated Organizations	0.1	0.1	-	-
Unallocated Overhead	2.1	1.6	(35.6)	(29.3)
Health2047 & Subsidiary	-	(0.3)	(13.4)	(16.9)
Consolidated revenue and income before tax	\$ 513.2	\$ 495.1	55.2	54.8
Income taxes			(4.1)	(5.1)
Consolidated net operating income			\$ 51.1	\$ 49.7

Consolidated financial statements



Consolidated statements of activities

Years ended December 31

(in millions)	2024	2023
Revenues		
Membership dues	\$ 32.5	\$ 33.3
Advertising	7.8	11.0
Journal print subscription revenues	2.2	2.7
Journal online revenues	32.2	31.6
Other publishing revenues	18.8	18.0
Books, newsletters and online product sales	22.1	23.8
Royalties and credentialing products	326.0	308.0
Insurance commissions	29.7	31.6
Investment income (Note 4)	25.7	21.3
Equity in losses of affiliates (Note 2)	(0.5)	(1.2)
Grants and other income	16.7	15.0
Total revenues	513.2	495.1
Expenses		
Cost of products sold and selling expenses	23.7	27.8
Contribution to general and administrative expenses	489.5	467.3
General and administrative expenses		
Compensation and benefits	279.4	262.0
Occupancy	19.8	21.2
Travel and meetings	20.4	19.9
Technology costs	34.4	33.9
Marketing and promotion	24.1	20.7
Professional services	35.2	29.7
Other operating expenses	21.0	25.1
Total general and administrative expenses	434.3	412.5
Operating results before income taxes	55.2	54.8
Income taxes (Note 10)	4.1	5.1
Net operating results	51.1	49.7
Non-operating items		
Net gain on investments (Note 4)	79.7	105.0
Defined benefit postretirement plan non-service periodic expense (Note 9)	(5.7)	(3.9)
Other non-operating income	0.1	0.6
Total non-operating items	74.1	101.7
Revenues in excess of expenses	125.2	151.4
Changes in defined benefit postretirement plans, other than periodic expense, net of tax (Notes 9 and 10)	2.0	(17.3)
Change in association equity	127.2	134.1
Change in donor restricted association equity		
Restricted contributions	0.7	0.6
Net assets released from restriction	(0.6)	(0.7)
Change in association equity – donor restricted	0.1	(0.1)
Change in total association equity	127.3	134.0
Total association equity at beginning of year	1,023.4	889.4
Total association equity at end of year	\$ 1,150.7	\$ 1,023.4

See accompanying notes to the consolidated financial statements.

Consolidated statements of financial position

As of December 31

(in millions)	2024	2023
Assets		
Cash, cash equivalents and donor-restricted cash	\$ 39.6	\$ 36.1
Fiduciary funds (Note 2)	21.6	21.8
Investments in affiliates (Note 2)	19.4	15.3
Accounts receivable and other receivables, net of an allowance for doubtful accounts of \$0.1 in 2024 and \$0.3 in 2023	110.2	104.5
Inventories	1.7	2.1
Prepaid expenses and deposits	11.6	10.5
Deferred income taxes (Note 10)	3.5	3.0
Investments (Note 4)	1,208.4	1,088.4
Property and equipment, net (Note 7)	24.7	27.3
Operating lease right-of-use assets (Note 11)	50.2	51.3
Other assets (Note 6)	11.3	9.8
	\$ 1,502.2	\$ 1,370.1
Liabilities, deferred revenue and association equity		
Liabilities		
Accounts payable, accrued expenses and other liabilities	\$ 18.8	\$ 15.1
Accrued payroll and employee benefits (Note 8)	63.9	54.9
Accrued postretirement healthcare benefits (Note 9)	108.8	107.8
Insurance premiums and other fiduciary funds payable (Note 2)	21.5	21.6
Operating lease liability (Note 11)	67.4	71.1
	280.4	270.5
Deferred revenue		
Membership dues	11.5	13.2
Subscriptions, licensing, insurance commissions and royalties	56.6	59.9
Grants and other	3.0	3.1
	71.1	76.2
Association equity	1,150.6	1,023.4
Donor-restricted association equity	0.1	-
Total association equity	1,150.7	1,023.4
	\$ 1,502.2	\$ 1,370.1

See accompanying notes to the consolidated financial statements.

Consolidated statements of cash flows

Years ended December 31

(in millions)	2024	2023
Cash flows from operating activities		
Change in total association equity	\$ 127.3	\$ 134.0
Adjustments to reconcile change in association equity to net cash provided by operating activities		
Depreciation and amortization	10.0	11.7
Postretirement health care expense	6.2	4.4
Noncash operating lease expense	8.9	8.9
Net gain on investments	(79.7)	(105.0)
Equity in losses of affiliates	0.5	1.2
Noncash (credit) charge for changes in defined benefit plans other than periodic expense net of tax	(2.0)	17.3
Noncash loss upon liquidation of affiliate or subsidiary	-	2.2
Loss on disposal of property and equipment	-	1.5
Bad debt expense	0.1	0.1
Other	(0.3)	(1.3)
Changes in assets and liabilities		
Accounts receivable and other receivables	(5.8)	(3.1)
Inventories	0.4	0.7
Prepaid expenses and deposits	(1.1)	1.2
Accounts payable, accrued liabilities and income taxes	(2.0)	(8.9)
Accrued postretirement benefit costs	(3.0)	(3.0)
Deferred revenue	(5.1)	5.8
Net cash provided by operating activities	54.4	67.7
Cash flows from investing activities		
Purchase of property and equipment	(6.4)	(6.2)
Investment in affiliates	(4.2)	(8.7)
Purchase of investments	(1,228.6)	(876.0)
Proceeds from sale of investments	1,188.3	825.8
Net cash used in investing activities	(50.9)	(65.1)
Net change in cash, cash equivalents and donor restricted cash	3.5	2.6
Cash, cash equivalents and donor restricted cash at beginning of year	36.1	33.5
Cash, cash equivalents and donor restricted cash at end of year	\$ 39.6	\$ 36.1
Noncash operating activities		
Right-of-use assets obtained in exchange for lease obligation	\$ 3.1	\$ 17.8
Noncash investing activities		
Accounts payable for property and equipment additions	\$ 2.3	\$ 1.3

See accompanying notes to the consolidated financial statements.

Notes to consolidated financial statements

For the years ended December 31, 2024 and 2023
(Columnar amounts in millions)

1. Nature of operations

The American Medical Association (AMA) is a national professional association of physicians with approximately 291 thousand members. The AMA serves the medical community and the public through standard setting and implementation in the areas of science, medical education, improving health outcomes, health equity, delivery and payment systems, ethics, representation and advocacy, policy development, and image and identity building. The AMA provides information and services to hundreds of thousands of physicians and includes journal and book publishing, physician credentialing, database licensing, insurance and other professional services for physicians.

The AMA classifies all operating results as revenues and expenses in the consolidated statements of activities. Non-operating items include net realized and unrealized gains and losses on investments, defined benefit postretirement plan non-service expense and other non-recurring income or expense.

Donor-restricted association equity includes contributions restricted for use for a scope of practice program which are not available for general use by AMA.

2. Significant accounting policies

Consolidation policy

The accompanying consolidated financial statements include the accounts of the AMA and its subsidiaries, AMA Services, Inc., American Medical Assurance Company (AMACO) and Health2047 Inc. (collectively, the AMA).

AMACO, a reinsurer for physician medical professional liability coverage, ceased accepting new and renewal business in 1986 and began running off claims under existing contracts. Since 1986, AMACO pursued the commutation of various treaties and the final treaties were commuted in 2024, with all related exposures eliminated. AMACO obtained approval from the Illinois Insurance Commissioner for a plan of dissolution and implemented that plan in 2024, with no material impact on the consolidated financial results.

AMA, through its wholly owned subsidiary, Health2047 Inc. (Health2047), has investments in nine companies or limited partnerships as of December 31, 2024.

Health2047 controls and consolidates the results of one company, First Mile Care, Inc.

The equity method of accounting is used to account for investments in companies or limited partnerships in which the

AMA has significant influence but not overall control. The investments are initially recorded at the original amounts paid for common and convertible preferred stock, and subsequently adjusted for the AMA's share of undistributed earnings and losses from the underlying entities from the dates of formation. Each investment will be increased or reduced by any future additional contributions and distributions received, respectively. The cost method of accounting is used to account for investments in companies in which the AMA has neither significant influence nor overall control and where the fair value is not readily determinable.

The results of one company, Heal Security, Inc. (formed in February 2021) are accounted for under the equity method. At December 31, 2024, AMA ownership interest is 33.3% in Heal Security, Inc. The book value of the investment, net of convertible debt, at December 31, 2024 is \$1 million.

In addition, at December 31, 2024, AMA has an ownership interest in seven companies or limited partnerships. The investments in these entities are accounted for using the cost method, as AMA holds less than a 20% ownership and does not exercise significant influence over the entities. This includes ownership interests of 2.9% in Zing Health Enterprises, LP (formed in May 2020), 16.4% in Medcurio Inc., (formed in February 2020), 18.7% in Phenomix Sciences, Inc. (formed in August 2020), 13.2% in Evidium, Inc. (formerly Recovery Exploration Technologies, Inc., formed in August 2021), 18.4% in Sitebridge Research, Inc. (formed in January 2021), 6% in Scholar Rx, Inc. (formed in December 2022) and 5.4% in IntellixAI, Inc. (formed in May 2023). The book value of the seven investments carried at cost at December 31, 2024 is \$18.4 million.

Health2047 had investments in nine companies or limited partnerships as of December 31, 2023. Health2047 controlled and consolidated the results of one company, First Mile Care, Inc.

The companies accounted for under the equity method of accounting during 2023 were: Emergence Healthcare Group, Inc., (formed in January 2021 and liquidated in September 2023), and Heal Security, Inc.

At December 31, 2023, AMA ownership interest was 33.3% in Heal Security, Inc. The book value of the investment accounted for under the equity method, net of convertible debt, at December 31, 2023 was \$0.9 million.

In addition, at December 31, 2023, AMA had ownership interest of 3.3% in Zing Health Enterprises, LP, 16.7% in Medcurio Inc., 19.1% in Phenomix Sciences, Inc., 11.3% in Evidium, Inc., 18.4% in Sitebridge Research, Inc., 6% in ScholarRx, Inc. and 6.1% in IntellixAI, Inc. The investments in these entities were accounted for using the cost method, as AMA held less than a 20% ownership and did not exercise significant influence over the entities. The book value of the seven investments carried at cost at December 31, 2023 was \$14.4 million.

Use of estimates

Preparation of consolidated financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as reflected in the consolidated financial statements. Actual results could differ from estimates.

Cash equivalents

Cash equivalents consist of liquid investments with original maturities of three months or less and are recorded at cost, which approximates fair value.

Fiduciary funds

One of the AMA's subsidiaries, the AMA Insurance Agency, Inc., in its capacity as an insurance broker, collects premiums from the insured and, after deducting its commission, remits the premiums to the underwriter of the insurance coverage. Unremitted insurance premiums are invested on a short-term basis and are held in a fiduciary capacity. The AMA also collects and holds contributions on behalf of a separate unincorporated entity with \$2.4 million held at December 31, 2024 and December 31, 2023.

Inventories

Inventories, consisting primarily of books and paper for publications, are valued at the lower of cost or net realizable value.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Furniture and office equipment, hardware and software are depreciated or amortized over three to 10 years. Leasehold improvements are depreciated over the shorter of the estimated useful lives or the remaining lease term.

Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that AMA expects to receive in exchange for those products or services. AMA enters into contracts that generally include only one product or service and as such, are distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Membership dues are deferred and recognized as revenue in equal monthly amounts during the applicable membership year, which is a calendar year.

Licensing and subscriptions to scientific journals, site licenses, newsletters or other online products are recognized as revenue ratably over the terms of the subscriptions or service period. Advertising revenue and direct publication costs are recognized

in the period the related journal is issued. Book and product sales are recognized at the time the book or product is shipped or otherwise delivered to the customer. Royalties are recognized as revenue over the royalty term. Insurance brokerage commissions on individual policies are recognized as revenue on the date they become effective or are renewed, to the extent services under the policies are complete. Brokerage commissions or plan rebates on the group products are recognized as revenue ratably over the term of the contract as services are rendered.

Contract balances

AMA records a receivable when the performance obligation is satisfied and revenue is recognized. For agreements covering subscription or service periods, AMA generally records a receivable related to revenue recognized for the subscription, license or royalty period. For sales of books and products, AMA records a receivable at the time the product is shipped or otherwise delivered to the customer. These amounts are included in accounts receivable on the consolidated statements of financial position and the balance, net of allowance for doubtful accounts, was \$103.8 million and \$98.4 million as of December 31, 2024 and December 31, 2023, respectively.

The allowance for doubtful accounts reflects AMA's best estimate of probable losses inherent in the accounts receivable balance. The allowance is based on historical experience and other currently available evidence.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. Some annual licensing agreements carry longer payment terms. In instances where the timing of revenue recognition differs from the timing of invoicing, AMA has determined that these contracts generally do not include a significant financing component.

Prepaid dues by members are included as deferred membership dues revenue in the consolidated statements of financial position. Prepayments by customers in advance of the subscription, royalty or insurance coverage period are recorded as deferred subscriptions, licensing, insurance commissions and royalty revenue in the consolidated statements of financial position.

Income taxes

The AMA is an exempt organization as defined by Section 501(c)(6) of the Internal Revenue Code and is subject to income taxes only on income determined to be unrelated business taxable income. The AMA's subsidiaries are taxable entities and are subject to income taxes. See footnote 10.

Changes in presentation

In 2024, AMA realigned its business units to reflect the current operations of the organization. As a result, the presentation of the functional expenses for 2023 in footnote 15 has been updated to be consistent with the current presentation.

3. New accounting standards update

In December 2023, Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-09, *Improvements to Income Tax Disclosures*. This requires an entity to report the amount of income taxes paid disaggregated by federal, state, and foreign taxes as well as the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than five percent of total income taxes paid. The new standard is effective for AMA for annual periods beginning after December 15, 2025. The adoption of the standard will expand certain footnote disclosures but will not have an impact on the AMA's consolidated financial statements.

4. Investments

Investments include marketable securities and venture capital and private equity investments that are carried at fair value.

In determining fair value, the AMA uses various valuation approaches. The FASB's Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset based on market data obtained from sources independent of the organization. Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—Valuations based on quoted prices in active markets for identical assets that the organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2—Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The AMA uses prices and inputs that are current as of the measurement date, obtained through a third-party custodian from independent pricing services.

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below.

Exchange-traded equity securities are valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Mutual funds are open-ended Securities and Exchange Commission (SEC) registered investment funds with a daily net asset value (NAV). The mutual funds allow investors to sell their interests to the fund at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized in Level 1 of the fair value hierarchy.

The fair value of corporate debt securities is estimated using recently executed transactions, market price quotations (where observable) or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. Corporate debt securities are generally categorized in Level 2 of the fair value hierarchy.

U.S. government agency securities consist of two categories of agency issued debt. Non-callable agency issued debt securities are generally valued using dealer quotes. Callable agency issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. Agency issued debt securities are categorized in Level 2 of the fair value hierarchy.

U.S. government securities are valued using quoted prices provided by a vendor or broker-dealer. These securities are categorized in Level 2 of the fair value hierarchy, as it is difficult for the custodian to accurately assess at a security level whether a quoted trade on a bond represents an active market.

Foreign and U.S. state government securities are valued using quoted prices in active markets when available. To the extent quoted prices are not available, fair value is determined based on interest rate yield curves, cross-currency basis index spreads, and country credit spreads for structures similar to the bond in terms of issuer, maturity, and seniority. These investments are generally categorized in Level 2 of the fair value hierarchy.

Investments also include investments in a diversified closed end private equity fund with a focus on buyout and secondary market opportunities in the United States and the European Union, as well as an investment in a venture capital fund focused on companies developing promising health care technologies that can be commercialized into revolutionary products and services that improve the practice of medicine and the delivery and management of health care. The investments are not redeemable and distributions are received through liquidation of the underlying assets of the funds. It is estimated that the underlying assets will be liquidated over the next four to ten years. The fair value estimates of these investments are based on NAV as provided by the investment managers. Unfunded commitments as of December 31, 2024, and December 31, 2023 totaled \$76.1 million and \$81.1 million, respectively.

The AMA manages its investments in accordance with Board-approved investment policies that establish investment objectives of real inflation-adjusted growth over the investment time horizon, with diversification to provide a balance between long-term growth objectives and potential liquidity needs.

The following table presents information about the AMA's investments measured at fair value as of December 31. In accordance with ASC Subtopic 820-10, investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

	2024	2023
Level 1 – Quoted prices in active market for identical securities		
Equity securities	\$ 588.1	\$ 544.3
Fixed-income mutual funds	13.8	19.4
	601.9	563.7

Level 2 – Significant other observable inputs		
Debt securities		
Corporate	139.2	126.0
U.S. government and federal agency	275.9	254.3
Foreign government	39.4	28.3
U.S. state government	0.1	0.1
	454.6	408.7

Other investments measured at NAV – Private equity and venture capital funds	151.9	116.0
Investments	\$1,208.4	\$ 1,088.4

Interest and dividends are included in investment income as operating revenue while realized and unrealized gains and losses are included as a component of non-operating items.

Investment income consists of:

	2024	2023
Investment dividend and interest income	\$ 30.1	\$ 25.0
Management fees	(4.4)	(3.7)
	\$ 25.7	\$ 21.3

Investment non-operating items include:

	2024	2023
Realized gains on investments, net	\$ 69.8	\$ 15.2
Unrealized gains on investments, net	9.9	89.8
	\$ 79.7	\$ 105.0

5. Derivative instruments

In 2024, AMA began using exchange-traded U.S. Treasury note future contracts in order to efficiently manage duration of fixed income investments in the portfolio. These transactions do not qualify for hedge accounting. The fair value of the futures contracts is recognized as part of investments in the consolidated statements of financial position and changes in the fair value of these futures contracts are recognized as a component of net gain or loss on investments included in non-operating items in the consolidated statements of activities. The fair value as of December 31, 2024 and changes in fair value during 2024 were not material.

6. Other assets

Other assets include investments in mutual funds maintained in separate accounts designated for various nonqualified benefit plans that are not available for operations. Mutual funds are open-ended SEC registered investment funds with a daily NAV. The mutual funds allow investors to sell their interests to the fund at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized in Level 1 of the fair value hierarchy. The investments totaled \$11.3 million and \$9.8 million as of December 31, 2024 and December 31, 2023, respectively.

7. Property and equipment

Property and equipment at December 31 consists of:

	2024	2023
Leasehold improvements	\$ 36.1	\$ 36.2
Furniture and office equipment	17.6	17.5
Information technology		
Hardware	11.4	11.6
Software	100.9	96.6
	166.0	161.9
Accumulated depreciation and amortization	(141.3)	(134.6)
Property and equipment, net	\$ 24.7	\$ 27.3

8. Retirement savings plan

The AMA has a 401(k) retirement and savings plan, which allows eligible employees to contribute up to 75 percent of their compensation annually, subject to Internal Revenue Service (IRS) limits. The AMA matches 100 percent of the first three percent and 50 percent of the next two percent of employee contributions. The AMA may, at its discretion, make additional contributions for any year in an amount up to two percent of the compensation for each eligible employee. Compensation is subject to IRS limits and excludes bonuses and severance pay. AMA matching and discretionary contribution expense totaled \$9.8 million and \$9.2 million in 2024 and 2023, respectively.

9. Postretirement health care benefits

The AMA provides health care benefits to retired employees who were employed on or prior to December 31, 2010. After that date, no individual can become a participant in the plan. Generally, qualified employees become eligible for these benefits if they retire in accordance with the plan provisions and are participating in the AMA medical plan at the time of their retirement. The AMA shares the cost of the retiree health care payments with retirees, paying approximately 60 to 80 percent of the expected benefit payments. The AMA has the right to modify or terminate the postretirement benefit plan at any time. Other employers participate in this plan and liabilities are allocated between the AMA and the other employers.

The AMA has applied for and received the federal subsidy to sponsors of retiree health care benefit plans that provides a prescription drug benefit that is actuarially equivalent to Medicare Part D under the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*. In accordance with ASC Topic 958-715, *Compensation-Retirement Benefits*, the AMA initially accounted for the subsidy as an actuarial experience gain to the accumulated postretirement benefit obligation.

The postretirement health care plan is unfunded. In accordance with ASC Topic 958-715, the AMA recognizes this liability in its consolidated statements of financial position.

The following reconciles the change in accumulated benefit obligation and the amounts included in the consolidated statements of financial position at December 31:

	2024	2023
Benefit obligation at beginning of year	\$ 107.8	\$ 88.1
Service cost	0.5	0.5
Interest cost	5.5	4.4
Benefits paid	(4.4)	(4.4)
Participant contributions	1.2	1.2
Federal subsidy	0.2	0.2
Actuarial (gain) loss	(2.0)	17.8
Accrued postretirement benefit costs	\$ 108.8	\$ 107.8

The postretirement health care plan accumulated actuarial losses not yet recognized as a component of periodic postretirement health care expense but included as an accumulated charge to equity are \$6.4 million and \$8.6 million at December 31, 2024 and December 31, 2023, respectively.

Actuarial assumptions used in determining the accumulated benefit obligation at December 31 are:

	2024	2023
Discount rate	5.7%	5.0%
Initial health care cost trend	8.4%	8.5%
Ultimate health care cost trend	4.0%	4.0%
Year that the rate reaches the ultimate trend rate	2048	2047

The change in the discount rate from 5.0% at the end of 2023 to 5.7% in 2024, offset by the impact of higher claims cost experience, was the major driver of the \$2 million actuarial gain in 2024. The change in the initial health care cost trend from 7.0% to 8.5% and claims cost experience were the major drivers of the \$17.8 million actuarial loss in 2023.

AMA recognizes postretirement health care expense in its consolidated statements of activities. The service cost component is included as part of compensation and benefits expense and the other components of expense are recognized as a non-operating item:

	2024	2023
Service cost	\$ 0.5	\$ 0.5
Non-service costs		
Interest cost	5.5	4.4
Amortization of actuarial loss (gain)	0.2	(0.5)
Total non-service costs	5.7	3.9
	\$ 6.2	\$ 4.4

Postretirement health care-related changes, other than periodic expense, that have been included as a charge or credit to unrestricted equity consist of:

	2024	2023
Actuarial gain (loss) arising during period	\$ 2.0	\$ (17.8)
Reclassification adjustment for recognition of actuarial loss (gain)	0.2	(0.5)
Change in association equity	\$ 2.2	\$ (18.3)

Actuarial assumptions used in determining postretirement health care expense are the same assumptions noted in the table above for determining the accumulated benefit obligation, except as follows:

	2024	2023
Discount rate	5.0%	5.2%
Initial health care cost trend	8.5%	7.0%

The following postretirement health care benefit payments are expected to be paid by the AMA, net of contributions by retirees and federal subsidies:

2025	\$ 4.1
2026	4.6
2027	5.0
2028	5.3
2029	5.7
2030 – 2034	33.4

10. Income taxes

The provision for income taxes includes:

	2024	2023
Operating		
Current	\$ 4.8	\$ 4.4
Deferred	(5.2)	(4.6)
Valuation allowance	4.5	5.3
	4.1	5.1
Tax expense (benefit) related to credits or charges to equity		
Deferred	0.2	(1.0)
	\$ 4.3	\$ 4.1

As prescribed under ASC Topic 740, *Income Taxes*, the AMA determines its provision for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for future tax effects of temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

The deferred tax benefit or expense from credits or charges to equity represents the estimated tax benefit from recording unrecognized actuarial losses and prior service credits for the postretirement health care plan, pursuant to ASC Topic 958-715.

Valuation allowances are provided to reduce deferred tax assets to an amount that is more likely than not to be realized. The AMA evaluates the likelihood of realizing its deferred tax assets by estimating sources of future taxable income and assessing whether or not it is likely that future taxable income will be adequate for the AMA to realize the deferred tax asset. The valuation allowance reflects the fact that deferred tax assets include future expected benefits largely related to net operating or capital losses where recoverability will not occur until future taxable income is generated, as well as retiree health care

payments that may not be deductible due to a projected lack of taxable advertising income in future years. Increases or decreases in deferred tax assets, where future benefits are considered unlikely, will result in an equal and offsetting change in the valuation reserve. If the AMA were to make a determination in future years that these deferred tax assets would be realized, the related valuation allowance would be reduced and a benefit to earnings recorded.

Deferred income taxes recognized in the consolidated statements of financial position at December 31 include the following deferred tax assets and (liabilities):

	2024	2023
Net operating and capital loss carryforward	\$ 30.6	\$ 26.5
Benefit plans and compensation	6.0	5.9
Right-of-use assets	(1.9)	-
Lease liabilities	2.1	-
Other	0.5	(0.1)
	37.3	32.3
Valuation allowance	(33.8)	(29.3)
	\$ 3.5	\$ 3.0

Cash payments for income taxes were \$4.3 million and \$4.4 million in 2024 and 2023, respectively, net of refunds.

AMA's federal taxes are open to examination by taxing authorities from 2021 through 2024. AMA's state taxes are open to examination for various years depending on the jurisdiction.

11. Leases

AMA leases office space at a number of locations and the initial terms of the office leases range from four years to 15 years. Most office space leases have options to renew at then prevailing market rates, or, in one circumstance, early terminate or contract with appropriate notice and termination payments. As any renewal, termination, or contraction is at the sole discretion of AMA, and at this date is not certain, renewal and termination options are not included in the right-of-use asset (ROU asset) or lease liability. AMA also leases copiers and printers in several locations, with initial terms generally of four years.

The lease agreements do not contain variable lease payments, residual value guarantees or material restrictive covenants. All leases are classified as operating leases.

AMA leases do not provide an implicit interest rate and as such, AMA calculates the lease liability at lease commencement or remeasurement date as the present value of unpaid lease payments using an estimated incremental borrowing rate. The incremental borrowing rate represents the rate of interest that AMA estimates it would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term, based on information available at the time of commencement or remeasurement.

During 2024, AMA entered into a new office space lease which resulted in a \$3.1 million increase in the ROU asset and corresponding lease liability.

During 2023, AMA extended the term of the main headquarters lease for an additional seven years in return for certain concessions. The ROU asset and lease liability were remeasured as of the modification date and the impact of the extension is a \$17.7 million increase in the ROU asset and corresponding lease liability. In addition, AMA exercised early termination options of two small satellite office leases, with a termination penalty. The impact of the early terminations was not material.

Operating lease costs totaled \$8.9 million in both 2024 and 2023. Cash paid for amounts included in the measurement of lease liabilities totaled \$11.5 million in 2024 and \$15.3 million in 2023.

The remaining weighted-average lease term is 9.9 years and 11.1 years as of December 31, 2024 and December 31, 2023, respectively. The weighted-average discount rate used for operating leases is 6.9% and 7.2% for 2024 and 2023, respectively.

The maturity of lease liabilities as of December 31, 2024:

2025	\$ 8.9
2026	2.6
2027	2.6
2028	6.4
2029	13.1
2030 and beyond	68.0
Total lease payments	101.6
Less imputed interest	(34.2)
Present value of lease obligations	\$ 67.4

12. Financial asset availability and liquidity

AMA has a formal reserve policy that defines the reserve investment portfolios as pools of liquid net assets that can be accessed to mitigate the impact of undesirable financial events or to pursue opportunities of strategic importance that may arise, as well as provide a source of capital appreciation. The policy establishes minimum required dollar levels required to be held in the portfolios (defined as an amount equal to one-year's general and administrative operating expenses plus long-term liabilities). The policy also covers the use of dividend and interest income, establishes criteria for use of the funds and outlines the handling of excess operating funds on an annual basis.

Dividend and interest income generated from the reserve portfolios are transferred to operating funds monthly and used to fund operations. The formal reserve policy contemplates use of reserve portfolio funds for board approved time- or dollar-limited strategic outlays, to the extent that the reserve portfolio balances exceed the minimum amount established by policy.

All surplus funds generated from operations annually (defined as operating cash plus other current assets minus current liabilities and deferred revenue at year end) are transferred to the reserve portfolios after year-end. The reserve policy does not cover the for-profit subsidiaries' activities.

AMA invests cash in excess of projected weekly requirements in short-term investments and money market funds. AMA does not maintain any credit facilities as the reserve portfolios provide ample protection against any liquidity needs.

The following reflects AMA's financial assets as of December 31 reduced by amounts not available for general use that have been set aside for long-term investing in the reserve investment portfolios or funds subject to donor restrictions. AMA's financial assets include cash, cash equivalents and donor restricted cash, short-term investments and long-term investments in the reserve portfolios.

	2024	2023
Financial assets	\$1,248.0	\$1,124.5
Less assets unavailable for general expenditures:		
Restricted by donor with purpose restrictions	(0.1)	-
Restricted by governing body primarily for long-term investing or for governing body approved outlays	(1,132.5)	(1,021.2)
Financial assets available to meet cash needs for general expenditures within one year	\$ 115.4	\$ 103.3

In addition to financial assets available to meet general expenditures over the next 12 months, the AMA operates under a policy that requires an annual budget surplus, excluding time- or dollar-limited strategic expenditures approved by the board, and anticipates generating sufficient revenue to cover general ongoing expenditures on an annual basis.

13. Contingencies

In the opinion of management, there are no pending legal actions for which the ultimate liability will have a material effect on the equity of the AMA.

14. Subsequent events

ASC Topic 855, *Subsequent Events*, establishes general standards of accounting for and disclosure of events that occur after the consolidated balance sheet date but before consolidated financial statements are issued or are available to be issued.

For the year ended December 31, 2024, the AMA has evaluated all subsequent events through February 14, 2025, which is the date the consolidated financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these consolidated financial statements that have not already been accounted for.

15. Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the Membership; Publishing, Health Solutions and Insurance; Strategic Arcs and Core Mission Activities and other supporting services.

The expenses that are allocated and the method of allocation include the following: fringe benefits based on percentage of compensation and occupancy based on square footage. All other expenses are direct expenses of each functional area.

	Membership	Publishing, Health Solutions and Insurance	Investments (AMA only)	Strategic Arcs and Core Mission Activities	Governance, Administration and Operations	Health2047 and Subsidiaries	Total
Cost of products sold and selling expense	\$ -	\$ 23.7	\$ -	\$ -	\$ -	\$ -	\$ 23.7
Compensation and benefits	7.4	72.6	-	86.3	105.4	7.7	279.4
Occupancy	0.6	5.5	-	6.8	6.1	0.8	19.8
Travel and meetings	0.1	3.9	-	7.5	8.5	0.4	20.4
Technology costs	1.1	12.5	-	7.4	13.2	0.2	34.4
Marketing and promotion	11.5	0.9	-	11.5	-	0.2	24.1
Professional services	0.4	6.5	0.2	19.4	5.1	3.6	35.2
Other operating expense	0.9	5.3	0.7	9.8	3.8	0.5	21.0
2024 total expense	\$ 22.0	\$ 130.9	\$ 0.9	\$ 148.7	\$ 142.1	\$ 13.4	\$ 458.0
Cost of products sold and selling expense	\$ -	\$ 27.8	\$ -	\$ -	\$ -	\$ -	\$ 27.8
Compensation and benefits	6.7	66.5	-	86.6	93.7	8.5	262.0
Occupancy	0.5	5.5	-	7.0	7.3	0.9	21.2
Travel and meetings	0.1	3.4	-	7.9	8.0	0.5	19.9
Technology costs	1.1	12.2	-	8.3	12.2	0.1	33.9
Marketing and promotion	10.5	1.2	-	8.3	-	0.7	20.7
Professional services	0.2	4.4	0.3	18.3	3.4	3.1	29.7
Other operating expense	0.9	5.1	0.4	12.1	3.8	2.8	25.1
2023 total expense	\$ 20.0	\$ 126.1	\$ 0.7	\$ 148.5	\$ 128.4	\$ 16.6	\$ 440.3

Independent auditor's report

The Board of Trustees of American Medical Association

Opinion

We have audited the consolidated financial statements of American Medical Association (the "AMA") and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the AMA as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the AMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the AMA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the AMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP
Chicago, Illinois
February 14, 2025

Written statement of certification of Chief Executive Officer and Chief Financial Officer

The undersigned hereby certify that the information contained in the consolidated financial statements of the American Medical Association for the years ended December 31, 2024 and 2023 fairly present, in all material respects, the financial condition and the results of operations of the American Medical Association.

James L. Madara, MD
Executive Vice President and Chief Executive Officer

Denise M. Hagerty
Senior Vice President and Chief Financial Officer

February 14, 2025

Officers and trustees



Standing committees

Executive Committee

Dr. Suk, chair	Dr. Ehrenfeld
Dr. Aizuss	Dr. Ajayi
Dr. Scott	Dr. Egbert
Dr. Mukkamala	Dr. Underwood

Audit Committee

Dr. Ding, chair	Dr. Ferguson
Ms. Breig	Dr. Underwood
Dr. Butler	Dr. Aizuss
Dr. Egbert	Dr. Scott
Dr. Ehrenfeld	Dr. Suk

Awards and Nominations

Dr. Heine, chair	Dr. Welsh
Dr. Ajayi	Dr. Scott
Dr. Armstrong	Dr. Aizuss
Dr. Garretson	Dr. Suk
Dr. Jeffers	Dr. Underwood
Ms. Siddiqui	



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Koirala, MD, PhD

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Alexander Ding, MD
MS, MBA

Bruce A. Scott, MD
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Compensation Committee

Dr. Mukkamala, chair	Dr. Butler
Dr. Aizuss	Dr. Suk
Dr. Ajayi	Dr. Underwood
Dr. Levin	Dr. Scott

Governance and Self-Assessment Committee

Dr. Ehrenfeld, chair	Dr. Suk
Dr. Ding	Dr. Aizuss
Dr. Butler	Dr. Underwood
Dr. Heine	Dr. Scott
Dr. Mukkamala	

Finance Committee

Dr. Butler, chair	Dr. Mukkamala
Dr. Ding	Dr. Scott
Dr. Fryhofer	Dr. Suk
Dr. Ferguson	Dr. Underwood
Dr. Koirala	Dr. Aizuss
Dr. Levin	

Note: Drs. Suk, Aizuss and Underwood serve on all committees, except where otherwise noted, as ex-officio members without vote. Dr. Scott serves on all committees as an ex-officio member with vote.

