

HISTIOCYTOSIS ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015



HISTIOCYTOSIS ASSOCIATION, INC.

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December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Histiocytosis Association, Inc.

We have audited the accompanying financial statements of Histiocytosis Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of unrestricted revenue, support and expenses, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Histiocytosis Association, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
May 5, 2017

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Financial Position
As of December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 641,848	\$ 653,453
Contributions receivable, less allowance for uncollectible accounts of \$1,200 in both 2016 and 2015	52,281	44,064
Prepaid expenses	25,980	10,803
Investments	<u>477,898</u>	<u>461,993</u>
Total current assets	1,198,007	1,170,313
Property and equipment, net	<u>352,908</u>	<u>360,929</u>
	<u><u>\$ 1,550,915</u></u>	<u><u>\$ 1,531,242</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 208,508	\$ 201,390
Deferred revenue	<u>1,112</u>	<u>2,678</u>
Total current liabilities	<u>209,620</u>	<u>204,068</u>
Net assets		
Unrestricted	1,165,578	1,154,904
Temporarily restricted	24,217	20,770
Permanently restricted	<u>151,500</u>	<u>151,500</u>
Total net assets	<u>1,341,295</u>	<u>1,327,174</u>
	<u><u>\$ 1,550,915</u></u>	<u><u>\$ 1,531,242</u></u>

The accompanying notes are an integral part of the financial statements.

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Unrestricted Revenue, Support, and Expenses
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and other support		
Donations	\$ 543,192	\$ 613,683
Contributed services/materials	82,445	55,772
Fundraising	611,415	640,488
Interest income	2,335	1,214
Miscellaneous revenue	940	778
Net assets released from restriction	<u>38,652</u>	<u>75,377</u>
Total revenue and other support	<u>1,278,979</u>	<u>1,387,312</u>
Expenses		
Research and scientific initiatives	653,983	679,435
Outreach initiatives	442,645	421,949
General and administrative	70,049	65,476
Fundraising	<u>123,548</u>	<u>109,061</u>
Total expenses	<u>1,290,225</u>	<u>1,275,921</u>
Operating income (loss)	(11,246)	111,391
Other income		
Investment income	<u>8,300</u>	<u>1,384</u>
Excess (deficiency) of revenue over expenses	(2,946)	112,775
Unrealized gain (loss) on investments	<u>13,620</u>	<u>(5,159)</u>
Increase in unrestricted net assets	<u>10,674</u>	<u>107,616</u>
Unrestricted net assets beginning of year	<u>1,154,904</u>	<u>1,047,288</u>
Unrestricted net assets ending of year	<u>\$ 1,165,578</u>	<u>\$ 1,154,904</u>

The accompanying notes are an integral part of the financial statements.

Histiocytosis Association, Inc.
Statements of Changes in Net Assets
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted net assets		
Increase in unrestricted net assets	\$ 10,674	\$ 107,616
Temporarily restricted net assets		
Donations	42,099	37,000
Net assets released from restrictions	<u>(38,652)</u>	<u>(75,377)</u>
Increase (decrease) in temporarily restricted net assets	<u>3,447</u>	<u>(38,377)</u>
Increase in net assets	<u>14,121</u>	<u>69,239</u>
Net assets, beginning	<u>1,327,174</u>	<u>1,257,935</u>
Net assets, ending	<u>\$ 1,341,295</u>	<u>\$ 1,327,174</u>

The accompanying notes are an integral part of the financial statements.

Histiocytosis Association, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Research & Science</u>	<u>Outreach & Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising			\$ 230		\$ 230
Board meeting			10,146		10,146
Database/internet maint. & serv.	\$ 13,722	\$ 32,016	-		45,738
Depreciation	4,721	5,620	338	\$ 562	11,241
Donor/relationship cultivation	5,347	8,401	-	1,528	15,276
Dues and subscriptions	484	2,096	160	484	3,224
Education/outreach	-	6,487	-	-	6,487
Estore shipping	200	519	-	80	799
Estore supplies	534	1,389	-	214	2,137
Event support - NY Dinner	14,114	28,228	2,823	11,291	56,456
Event support - special events	7,674	30,696	3,837	34,533	76,740
Financial services fees	4,964	5,116	6,676	3,710	20,466
Honorarium awards	700	-	-	-	700
In-kind - special event	20,611	20,611	4,123	37,100	82,445
Insurance - health and life	26,508	28,200	1,691	-	56,399
Insurance - liab, prop, auto, d&o	4,103	5,568	1,758	3,224	14,653
Licenses and fees	-	1,003	2,006	1,003	4,012
Maintenance and repairs	3,555	5,469	92	-	9,116
Miscellaneous	14	70	-	15	99
Payroll taxes	18,062	18,062	2,874	2,053	41,051
Pension expense	3,977	7,017	351	351	11,696
Postage/shipping	2,474	3,888	-	707	7,069
Printing	4,894	7,690	-	1,399	13,983
Prof. development/staff retreat	1,231	1,466	88	147	2,932
Professional services	12,237	15,296	3,059	-	30,592
Regional meetings	505	4,041	-	505	5,051
Rent - equipment	214	330	5	-	549
Research grants	300,000	-	-	-	300,000
Salaries and wages	182,794	182,794	29,082	20,772	415,442
Scientific support	13,995	-	-	-	13,995
Supplies	696	4,348	57	696	5,797
Telephone	1,122	5,611	81	1,202	8,016
Travel	1,479	5,917	494	1,972	9,862
Utilities	3,052	4,696	78	-	7,826
	<u>\$ 653,983</u>	<u>\$ 442,645</u>	<u>\$ 70,049</u>	<u>\$ 123,548</u>	<u>\$ 1,290,225</u>

The accompanying notes are an integral part of the financial statements.

Histiocytosis Association, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Research & Science</u>	<u>Outreach & Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Advertising			\$ 150		\$ 150
Board meeting			6,817		6,817
Database/internet maint. & serv.	\$ 18,514	\$ 43,202	-		61,716
Depreciation	5,341	6,360	382	\$ 636	12,719
Donor/Relationship Cultivation	204	319	-	58	581
Dues and subscriptions	359	1,559	120	360	2,398
Education/outreach	-	5,180	-	-	5,180
Estore shipping	79	206	-	32	317
Estore supplies	582	1,515	-	233	2,330
Event support - NY Dinner	15,151	30,301	3,030	12,121	60,603
Event support - special events	7,127	28,510	3,564	32,073	71,274
Financial services fees	6,184	6,166	8,728	5,120	26,198
Honorarium awards	500	-	-	-	500
In-kind - special event	13,943	13,943	2,789	25,097	55,772
Insurance - health and life	20,374	21,674	1,300	-	43,348
Insurance - liab, prop, auto, d&o	3,890	5,280	1,667	3,057	13,894
Licenses and fees	-	1,236	2,470	1,235	4,941
Maintenance and repairs	4,379	6,737	112	-	11,228
Payroll taxes	19,003	19,001	3,023	2,159	43,186
Pension expense	3,606	6,363	318	318	10,605
Postage/shipping	3,014	4,737	-	861	8,612
Printing	4,537	7,130	-	1,296	12,963
Prof. development/contin. ed.	4,763	5,669	340	567	11,339
Professional services	10,185	12,730	2,546	-	25,461
Regional meetings	107	852	-	107	1,066
Rent - equipment	244	374	6	-	624
Research grants	350,000	-	-	-	350,000
Salaries and wages	171,538	171,538	27,290	19,493	389,859
Scientific support	9,345	-	-	-	9,345
Supplies	777	4,854	65	777	6,473
Telephone	925	4,626	66	991	6,608
Travel	1,853	7,410	618	2,470	12,351
Utilities	2,911	4,477	75	-	7,463
	<u>\$ 679,435</u>	<u>\$ 421,949</u>	<u>\$ 65,476</u>	<u>\$ 109,061</u>	<u>\$ 1,275,921</u>

The accompanying notes are an integral part of the financial statements.

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Increase in net assets	\$ 14,121	\$ 69,239
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	11,241	12,719
Net realized and unrealized loss (gain) on investments	(7,396)	13,371
(Increase) decrease in		
Accounts receivable	(8,217)	(6,631)
Prepaid expenses	(15,177)	(10)
Increase (decrease) in		
Accounts payable and accrued expenses	7,118	54,924
Deferred revenue	(1,566)	2,468
	<u>124</u>	<u>146,080</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of equipment	(3,220)	(33,775)
Reinvestment of dividends	(14,133)	(9,496)
Investment fees	5,624	5,580
Purchases of investments	-	(2,247)
	<u>(11,729)</u>	<u>(39,938)</u>
Net cash used in investing activities		
Net increase (decrease) in cash	(11,605)	106,142
Cash - beginning of year	<u>653,453</u>	<u>547,311</u>
Cash - end of year	<u>\$ 641,848</u>	<u>\$ 653,453</u>

The accompanying notes are an integral part of the financial statements.

HISTIOCYTOSIS ASSOCIATION, INC. Notes to Financial Statements

Note 1: ASSOCIATION AND ACTIVITY

Histiocytosis Association, Inc. (the "Association") is a global nonprofit association dedicated to addressing the unique needs of patients and families dealing with the effects of histiocytic disorders while leading the search for a cure.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of financial statement presentation – The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for nonprofit organizations. Financial statement presentation also follows the recommendations of relevant accounting standards which require the Association to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

Contributions receivable – The Association carries their contributions receivable at the fair value of amounts to be received, less an allowance for unfulfilled promises to give, when considered necessary. The Association records a provision for unfulfilled promises to give based on management's evaluation of outstanding accounts receivable at the end of the year.

Investments – The Association carries investments in marketable securities at their fair values. Investment income or loss (including realized gains and losses on investments, interest, and dividends), is included in the excess of revenue over expenditures.

Net assets - Net assets and changes in net assets are classified as permanently restricted, temporarily restricted, or unrestricted based on the existence or absence of donor imposed restrictions. The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Board of Trustees maintains control over unrestricted net assets and may designate any portion thereof to be used for specific purposes.

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions – Contributions received are recorded at fair market value and recognized in the period in which the contribution is received. Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of unrestricted revenue, other support, and expenses as net assets released from restrictions.

Property and equipment – Property and equipment is carried at cost, other than contributions of property and equipment which is recognized at fair market value at the date of the contribution. When retired or otherwise disposed of, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference, less any amount realized from dispositions, is charged or credited to income.

Major additions and betterments in excess of \$2,000 are charged to the property and equipment accounts while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

In-kind contributions and contributed services and materials - In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit to donor stipulations specify how donated assets must be used. The Association benefited from a variety of donated door prizes used during fundraising events. In-kind contributions were valued at \$82,445 and \$55,772 during the years ended December 31, 2016 and 2015, respectively. These amounts have been reported as both in-kind contribution revenue and in-kind fundraising expense on the statement of activities.

The Association recognizes the fair value of contributed services received if such services a.) create or enhance nonfinancial assets or b.) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not contributed. The Association receives donated services from a variety of unpaid volunteers assisting the Association in programs and fundraising events. No amounts have been reflected in the financial statements since the recognition criteria were not met.

Functional allocation of expenses - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising – Advertising costs are charged to expense when incurred. Advertising expense amounted to \$230 and \$150 as of December 31, 2016 and 2015, respectively.

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes – The Organization claims exemption from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, and accordingly, do not record a provision for income taxes on related income.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The Organization believes that in the event of an examination by taxing authorities, the Organization's position would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized in accordance with the new requirements.

Subsequent events – Subsequent events were evaluated through May 5, 2017, the date the financial statements were available to be issued.

New accounting pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2018 (with early adoption permitted) and may be adopted either by restating all years presented in the organization's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the year of adoption. The organization is assessing the potential impact this guidance will have on its financial statements.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application will be permitted. The organization is assessing the potential impact this guidance will have on its financial statements.

Presentation of Financial Statements of Not-for-Profit Entities – Issued in August 2016, Accounting Standards Update (ASU) No. 2016-14 is intended to improve the presentation of financial statements of not-for-profit (NFP) entities and provide more useful information to donors, grantors, and other users. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU will also require additional information to be disclosed about investment return, expense classifications, liquidity and availability of resources, and presentation of operating cash flows. The standard is effective for the fiscal year ending December 15, 2018. Early application will be permitted. The organization is assessing the potential impact this guidance will have on its consolidated financial statements.

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 3: RESEARCH GRANTS

Applications for research grants are evaluated and scored by the Scientific Committee of the Histiocyte Society based upon predetermined criteria. Applications are then ranked by score and submitted to the Chairperson and to the scientific members of the Histiocytosis Association, Inc. Board of Trustees. Applications are reviewed and prioritized by the scientific members and submitted to the full Board of the Association for final approval. Successful applicants are required to substantiate qualified nonprofit status. Follow-up reports are required at 6 month and one year and are submitted to the scientific committee of the Society and to the full Board of Trustees of the Association for review and evaluation.

Note 4: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31	
	2016	2015
Building	\$ 463,405	\$ 460,185
Furniture, fixtures and equipment	96,116	96,116
	559,521	556,301
Less: accumulated depreciation and amortization	206,613	195,372
Net property and equipment	\$ 352,908	\$ 360,929

Note 5: INVESTMENTS

Investments consist of fixed income and equity mutual funds in the amount of \$477,898 and \$461,993 as of December 31, 2016 and 2015, respectively.

Investments at fair value consist of the following as of December 31:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	\$ 189,247	\$ 182,955	\$ 186,980	\$ 180,214
Fixed income mutual funds	249,883	294,943	237,567	281,779
	\$ 439,130	\$ 477,898	\$ 424,547	\$ 461,993

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 5: INVESTMENTS (continued)

Investment return is summarized as follows:

	December 31	
	2016	2015
Interest and dividends	\$ 16,859	\$ 10,810
Net realized/unrealized gains (losses)	7,396	(13,371)
	\$ 24,255	\$ (2,561)

Note 6: FAIR VALUE MEASUREMENT

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level disclosure hierarchy has been established to indicate the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment. These values are generally determined using pricing models that utilize management’s estimates of market participant assumptions.

In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments such as domestic and international equities, U.S. treasuries, exchange-traded mutual funds, and agency securities. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, commercial paper, and certain agency securities.

The tables below set forth, by level, our financial assets and liabilities that were accounted for at fair value as of December 31, 2016 and 2015. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 6: FAIR VALUE MEASUREMENT (continued)

Fair Value Measurements as of December 31, 2016

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds				
Fixed income funds				
Intermediate-term bond	\$ 182,955	\$ 182,955		
Equity funds				
Large blend	201,229	201,229		
Dynamic asset allocation	93,714		\$ 93,714	
	<u>\$ 477,898</u>	<u>\$ 384,184</u>	<u>\$ 93,714</u>	<u>\$ -</u>

Fair Value Measurements as of December 31, 2015

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds				
Fixed income funds				
Intermediate-term bond	\$ 180,214	\$ 180,214		
Equity funds				
Large blend	190,138	190,138		
Dynamic asset allocation	91,641		\$ 91,641	
	<u>\$ 461,993</u>	<u>\$ 370,352</u>	<u>\$ 91,641</u>	<u>\$ -</u>

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are for the following purposes and/or periods:

	December 31	
	2016	2015
Various donor restrictions on use	\$ 24,217	\$ 20,770

Net assets were released from donor restrictions by incurring expenses and satisfying the restricted purposes.

Note 8: PERMANENTLY RESTRICTED NET ASSETS

The Association has received 16 donations to establish a permanently restricted fund to provide funding for research grants and support fundraising events to help fund research projects targeting the Histiocytosis disease. All interest and dividends received from these funds may be used by the Association to fund research grants, fundraising events, or daily operations. The amount of permanently restricted net assets amounted to \$151,500 at both December 31, 2016 and 2015.

Note 9: BOARD DESIGNATED FUNDS

The Board of Trustees designated an amount of funds to be used for operating expenses at their discretion. These assets are classified in the statement of financial position as a portion of the cash balance. They amounted to \$100,707 and \$100,316 at December 31, 2016 and 2015, respectively.

Note 10: OPERATING LEASE COMMITMENTS

The Association has one non-cancelable operating lease for office equipment that expires in June, 2017. As of December 31, 2016, the future minimum lease payments under non-cancelable operating leases are as follows:

Year Ending December 31,	
2017	\$ 192

Rental expense was \$549 and \$624 for the years ended December 31, 2016 and 2015, respectively.

HISTIOCYTOSIS ASSOCIATION, INC.
Notes to Financial Statements (continued)

Note 11: PENSION PLAN

The Association has a salary reduction agreement plan referred to as a 401(k) plan, administered by Paychex, covering full-time employees with at least one full year of tenure with the Association. Under the plan, the Association contributes up to 3% of each eligible employee's salary. Employees are full vested in both their own elective contributions and the employer's contributions at all times. The employer contributions were \$11,696 and \$10,605 for the years ended December 31, 2016 and 2015, respectively.

Note 12: CONCENTRATION OF CREDIT RISK

The Association maintains its cash in bank accounts, which, at times may exceed federally insured limits. The Association has not experienced any loss in such accounts. The Association had uninsured cash balances of \$-0- at both December 31, 2016 and 2015.

Note 13: CONCENTRATION OF INCOME SOURCES

Histiocytosis Association, Inc. received approximately 48% and 46% of its total revenue from fundraising for the year ended December 31, 2016 and 2015, respectively. An annual support dinner provided approximately 27% and 25% of total revenue for the year ended December 31, 2016 and 2015, respectively. A significant reduction in the level of this support, if this were to occur, may have an effect on the Association's programs and activities.

Note 14: RELATED PARTY TRANSACTIONS

The Histiocyte Society is a group of 187 physicians from around the world who study Histiocytosis. The Histiocytosis Association, Inc., the Histiocytosis Association of Canada and the Artemis Association contribute to support Histiocyte Society's annual meeting. The Association provided cash support in the amount of \$6,000 and \$7,000 to the Society for its annual meeting in 2016 and 2015, respectively. Histiocytosis Association, Inc. also provides services and assistance to the Histiocyte Society. The Society donated \$7,350 and \$2,400 to the Association for the years ended December 31, 2016 and 2015, respectively.