

HISTIOCYTOSIS ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

HISTIOCYTOSIS ASSOCIATION, INC.

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December 31, 2018 and 2017

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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, 2018 and 2017, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, Histiocytosis Association, Inc. adopted new accounting guidance, Accounting Standards Update 2016-14 – Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
July 26, 2019

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Financial Position
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 804,902	\$ 864,803
Contributions receivable, less allowance for uncollectible accounts of \$0 in 2018 and 2017	61,609	105,040
Prepaid expenses	46,066	35,051
Investments	<u>498,799</u>	<u>535,080</u>
Total current assets	1,411,376	1,539,974
Property and equipment, net	<u>333,722</u>	<u>343,103</u>
	<u>\$ 1,745,098</u>	<u>\$ 1,883,077</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 272,073	\$ 388,430
Deferred revenue	<u>-</u>	<u>449</u>
Total current liabilities	<u>272,073</u>	<u>388,879</u>
Net assets		
Without donor restrictions		
Undesignated	1,169,897	1,212,873
Designated by the board	<u>103,698</u>	<u>101,714</u>
	1,273,595	1,314,587
With donor restrictions	<u>199,430</u>	<u>179,611</u>
Total net assets	<u>1,473,025</u>	<u>1,494,198</u>
	<u>\$ 1,745,098</u>	<u>\$ 1,883,077</u>

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

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Activities
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and other support		
Donations	\$ 610,143	\$ 705,068
Fundraising	523,945	523,499
Contributed services/materials	73,628	66,669
Investment income (loss)	(25,778)	66,191
Miscellaneous revenue	3,219	834
Net assets released from restriction	<u>6,202</u>	<u>26,106</u>
Total revenue and other support	<u>1,191,359</u>	<u>1,388,367</u>
Expenses		
Program services expenses		
Research and scientific initiatives	589,536	641,362
Outreach initiatives	<u>447,547</u>	<u>424,034</u>
Total program services expenses	<u>1,037,083</u>	<u>1,065,396</u>
Supporting services expenses		
General and administrative	67,553	66,229
Fundraising	<u>127,715</u>	<u>107,733</u>
Total supporting services expenses	<u>195,268</u>	<u>173,962</u>
Total expenses	<u>1,232,351</u>	<u>1,239,358</u>
Increase (decrease) in net assets without donor restrictions	(40,992)	149,009
Net assets without donor restrictions, beginning of year	<u>1,314,587</u>	<u>1,165,578</u>
Net assets without donor restrictions, ending of year	<u>\$ 1,273,595</u>	<u>\$ 1,314,587</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Net assets without donor restrictions		
Increase (decrease) in net assets without donor restrictions	\$ (40,992)	\$ 149,009
Net assets with donor restrictions		
Donations	26,021	30,000
Net assets released from restrictions	<u>(6,202)</u>	<u>(26,106)</u>
Increase in net assets with donor restrictions	<u>19,819</u>	<u>3,894</u>
Increase (decrease) in net assets	<u>(21,173)</u>	<u>152,903</u>
Net assets, beginning	<u>1,494,198</u>	<u>1,341,295</u>
Net assets, ending	<u>\$ 1,473,025</u>	<u>\$ 1,494,198</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, 2018

	Program Services		Supporting Services		Total
	Research & Science	Outreach & Education	Management and General	Fundraising	
Advertising			\$ 1,542		\$ 1,542
Board meeting			1,970		1,970
Database/internet maint. & serv.	\$ 17,193	\$ 40,118	-		57,311
Depreciation	4,690	3,940	282	\$ 469	9,381
Donor/relationship cultivation	396	251	-	72	719
Dues and subscriptions	130	563	44	130	867
Education/outreach	-	2,682	-	-	2,682
Estore shipping	9	24	-	3	36
Event support - NY Dinner fees	21,332	42,664	4,266	17,066	85,328
Event support - special events fees	9,087	36,346	4,543	40,889	90,865
Financial services fees	4,764	4,962	6,748	3,374	19,848
Honorarium awards	520	-	-	-	520
In-kind - special event fees	18,407	18,407	3,681	33,133	73,628
Insurance - health and life	30,999	32,977	1,979	-	65,955
Insurance - liab, prop, auto, d&o	3,928	5,331	1,683	3,086	14,028
Licenses and fees	-	2,362	4,725	2,363	9,450
Maintenance and repairs	4,386	6,748	112	-	11,246
Miscellaneous	339	1,533	24	322	2,218
Payroll taxes	14,589	14,589	2,321	1,658	33,157
Pension expense	3,821	6,742	337	337	11,237
Postage/shipping	1,113	1,750	-	318	3,181
Prof. development/staff retreat	649	772	46	77	1,544
Professional services	17,520	21,901	4,380	-	43,801
Regional meetings	492	3,937	-	492	4,921
Rent - equipment	337	519	9	-	865
Research grants	249,991	-	-	-	249,991
Salaries and wages	176,938	176,938	28,149	20,107	402,132
Scientific support	1,077	-	-	-	1,077
Supplies	878	5,489	73	878	7,318
Telephone	956	4,780	69	1,024	6,829
Travel	1,438	5,750	479	1,917	9,584
Utilities	3,557	5,472	91	-	9,120
	\$ 589,536	\$ 447,547	\$ 67,553	\$ 127,715	\$ 1,232,351

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

Histiocytosis Association, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services		Supporting Services		Total
	Research & Science	Outreach & Education	Management and General	Fundraising	
Advertising			\$ 640		\$ 640
Board meeting			6,751		6,751
Database/internet maint. & serv.	\$ 19,243	\$ 44,900	-		64,143
Depreciation	4,118	4,903	294	\$ 490	9,805
Donor/relationship cultivation	310	487	-	89	886
Dues and subscriptions	447	1,938	150	447	2,982
Education/outreach	-	2,619	-	-	2,619
Estore shipping	191	497	-	76	764
Estore supplies	68	176	-	26	270
Event support - NY Dinner fees	13,396	26,792	2,679	10,717	53,584
Event support - special events fees	6,365	25,460	3,182	28,642	63,649
Financial services fees	4,602	4,716	6,326	3,219	18,863
Honorarium awards	500	-	-	-	500
In-kind - special event fees	16,667	16,667	3,334	30,001	66,669
Insurance - health and life	27,808	29,583	1,775	-	59,166
Insurance - liab, prop, auto, d&o	3,654	4,959	1,566	2,871	13,050
Licenses and fees	-	1,857	3,713	1,857	7,427
Maintenance and repairs	3,298	5,074	85	-	8,457
Miscellaneous	22	112	2	24	160
Payroll taxes	15,707	15,707	2,499	1,785	35,698
Pension expense	3,805	6,714	336	336	11,191
Postage/shipping	1,825	2,868	-	521	5,214
Printing	3,176	4,991	-	908	9,075
Prof. development/staff retreat	595	708	42	71	1,416
Professional services	12,770	15,962	3,193	-	31,925
Regional meetings	406	3,251	-	406	4,063
Rent - equipment	239	367	6	-	612
Research grants	300,000	-	-	-	300,000
Salaries and wages	180,480	180,480	28,713	20,509	410,182
Scientific support	15,254	-	-	-	15,254
Supplies	820	5,124	68	820	6,832
Telephone	862	4,312	63	924	6,161
Travel	2,246	8,982	748	2,994	14,970
Utilities	2,488	3,828	64	-	6,380
	\$ 641,362	\$ 424,034	\$ 66,229	\$ 107,733	\$ 1,239,358

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

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (21,173)	\$ 152,903
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	9,381	9,805
Net realized and unrealized gain (loss) on investments	40,850	(42,356)
(Increase) decrease in		
Accounts receivable	43,431	(52,759)
Prepaid expenses	(11,015)	(9,071)
Increase (decrease) in		
Accounts payable and accrued expenses	(116,357)	179,922
Deferred revenue	(449)	(663)
	(55,332)	237,781
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Reinvestment of dividends	(10,932)	(20,811)
Investment fees	6,363	5,985
	(4,569)	(14,826)
Net cash used in investing activities		
Net increase (decrease) in cash	(59,901)	222,955
Cash - beginning of year	864,803	641,848
Cash - end of year	\$ 804,902	\$ 864,803

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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.

Operating activities – Operating activities reflect all transactions increasing or decreasing net assets except those items associated with long-term investments such as contributions for endowment and facilities and equipment, investment returns in excess of amounts designated for current operations, and unrealized gains and losses on investments.

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, revenues, gains, and losses are classified based on the existence of absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of unrestricted revenue, 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 or 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 \$73,628 and \$66,669 during the years ended December 31, 2018 and 2017, 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 expense allocation – The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and support services. Such allocations are determined by management on an equitable basis. Salaries and wages, payroll taxes and benefits, professional fees, office expense, and other expenses are allocated based on estimates of time and effort.

Advertising – Advertising costs are charged to expense when incurred. Advertising expense amounted to \$1,542 and \$640 as of December 31, 2018 and 2017, respectively.

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.

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

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 July 26, 2019, the date the financial statements were available to be issued.

Change in accounting principle – On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statement of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about the liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation and disclosures in the financial statements accordingly.

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 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 fiscal. 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 balance sheet 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, generally accepted accounting principles have 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 is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made – In June 2018, the Financial Accounting Standards Board issued ASU 2018-08. The new guidance clarifies what is an exchange transaction, of which revenues would be reported under Topic 606, and what is a contribution reported under Topic 958. Non-public entities where the entity serves as the resource recipient are required to apply the changes due to this ASU to annual periods beginning after December 15, 2018. This accounting guidance is to be applied on a modified prospective basis. Retroactive application is permitted. The Organization is assessing the potential impact this guidance will have on its 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	
	2018	2017
Building	\$ 463,405	\$ 463,405
Furniture, fixtures and equipment	96,116	96,116
	559,521	559,521
Less: accumulated depreciation and amortization	225,799	216,418
Net property and equipment	\$ 333,722	\$ 343,103

Note 5: **INVESTMENTS**

Investments consist of fixed income and equity mutual funds in the amount of \$498,799 and \$535,080 as of December 31, 2018 and 2017, respectively.

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

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	\$ 202,644	\$ 192,744	\$ 202,887	\$ 198,931
Fixed income mutual funds	270,372	306,055	259,851	336,149
	\$ 473,016	\$ 498,799	\$ 462,738	\$ 535,080

Investment return is summarized as follows:

	December 31	
	2018	2017
Interest and dividends	\$ 15,071	\$ 23,835
Net realized/unrealized gains (losses)	(40,849)	42,356
	(\$ 25,778)	\$ 66,191

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

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, 2018 and 2017. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

Fair Value Measurements as of December 31, 2018

	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	\$ 192,744	\$ 192,744		
Equity funds				
Large blend	208,587	208,587		
Dynamic asset allocation	97,468		\$ 97,468	
	<u>\$ 498,799</u>	<u>\$ 401,331</u>	<u>\$ 97,468</u>	<u>\$ -</u>

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

Note 6: **FAIR VALUE MEASUREMENT (continued)**

Fair Value Measurements as of December 31, 2017

	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	\$ 198,931	\$ 198,931		
Equity funds				
Large blend	230,792	230,792		
Dynamic asset allocation	105,357		\$ 105,357	
	<u>\$ 535,080</u>	<u>\$ 429,723</u>	<u>\$ 105,357</u>	<u>\$ -</u>

Note 7: **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are for the following purposes and/or periods:

	December 31	
	2018	2017
Permanent restrictions on use	\$ 151,500	\$ 151,500
Various donor restrictions on use	47,930	28,111
	<u>\$ 199,430</u>	<u>\$ 179,611</u>

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

Note 8: **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 \$103,698 and \$101,714 at December 31, 2018 and 2017, respectively.

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

Note 9: OPERATING LEASE COMMITMENTS

The Association has one non-cancelable operating lease for office equipment that expires in June, 2020. As of December 31, 2018, the future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 383
2020	<u>192</u>
	<u>\$ 575</u>

Rental expense was \$865 and \$612 for the years ended December 31, 2018 and 2017, respectively.

Note 10: 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 \$11,237 and \$11,191 for the years ended December 31, 2018 and 2017, respectively.

Note 11: 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 \$131,545 and \$-0- for the years ended December 31, 2018 and 2017, respectively.

Note 12: CONCENTRATION OF INCOME SOURCES

Histiocytosis Association, Inc. received approximately 43% and 40% of its total revenue from fundraising for the year ended December 31, 2018 and 2017, respectively. An annual support dinner provided approximately 28% and 20% of total revenue for the year ended December 31, 2018 and 2017, 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 13: 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 \$50,000 and \$7,000 to the Society in 2018 and 2017, respectively. Histiocytosis Association, Inc. also provides services and assistance to the Histiocyte Society. The Society donated \$0 and \$7,717 to the Association for the years ended December 31, 2018 and 2017, respectively.

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

Note 14: **LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in mutual funds.

The Organizations financial assets available within one year to meet cash needs for general expenditures are as follows:

Financial assets:	
Cash	\$ 804,902
Contributions receivable	61,609
Investments	<u>498,799</u>
 Total financial assets	 1,365,310
 Less amounts not available to be used within one year:	
Designated by the board – purpose restricted	103,698
Net assets with donor restrictions – purpose restricted	<u>199,430</u>
 Financial assets available within one year to meet cash needs for general expenditures within one year	 <u><u>\$ 1,062,182</u></u>

