

**HISTIOCYTOSIS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2020 AND 2019**

# **HISTIOCYTOSIS ASSOCIATION, INC.**

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**December 31, 2020 and 2019**

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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 statement of financial position as of December 31, 2020 and 2019, 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 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, 2020 and 2019, 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 fiscal year ended December 31, 2020, Histiocytosis Association, Inc. adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update 2014-19, *Revenue from Contracts with Customers, Topic 606*. Our opinion is not modified with respect to this matter.

*Bowman + Company LLP*

Bowman & Company LLP  
Certified Public Accountants

Voorhees, New Jersey  
August 10, 2021

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Statements of Financial Position**  
**As of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,095,549	\$ 1,065,238
Contributions receivable, less allowance for uncollectible accounts of \$0 in 2020 and 2019	32,200	43,491
Prepaid expenses	21,061	54,489
Investments	<u>402,449</u>	<u>573,902</u>
Total current assets	1,551,259	1,737,120
Property and equipment, net	<u>315,858</u>	<u>324,714</u>
	<u>\$ 1,867,117</u>	<u>\$ 2,061,834</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 58,904</u>	<u>\$ 357,414</u>
Total current liabilities	<u>58,904</u>	<u>357,414</u>
Long-term liabilities		
PPP loan payable	<u>74,300</u>	<u></u>
Total liabilities	<u>133,204</u>	<u>357,414</u>
Net assets		
Without donor restrictions		
Undesignated	1,179,280	1,370,453
Designated by the board	<u>306,592</u>	<u>105,927</u>
	1,485,872	1,476,380
With donor restrictions	<u>248,041</u>	<u>228,040</u>
Total net assets	<u>1,733,913</u>	<u>1,704,420</u>
	<u>\$ 1,867,117</u>	<u>\$ 2,061,834</u>

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

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenue and other support		
Contributions and fundraising	\$ 720,416	\$ 1,211,273
In-kind contributions	1,500	28,827
Investment income	34,781	87,495
Miscellaneous revenue	476	3,128
Net assets released from restriction	10,049	13,615
Total revenue and other support	767,222	1,344,338
Expenses		
Program services expenses		
Research and scientific initiatives	286,251	589,683
Outreach initiatives	366,183	392,493
Total program services expenses	652,434	982,176
Supporting services expenses		
General and administrative	49,575	68,699
Fundraising	55,721	90,678
Total supporting services expenses	105,296	159,377
Total expenses	757,730	1,141,553
Increase in net assets without donor restrictions	9,492	202,785
Net assets without donor restrictions, beginning of year	1,476,380	1,273,595
Net assets without donor restrictions, ending of year	\$ 1,485,872	\$ 1,476,380

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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions		
Increase in net assets without donor restrictions	\$ 9,492	\$ 202,785
Net assets with donor restrictions		
Contributions	30,050	42,225
Net assets released from restrictions	<u>(10,049)</u>	<u>(13,615)</u>
Increase in net assets with donor restrictions	<u>20,001</u>	<u>28,610</u>
Increase in net assets	<u>29,493</u>	<u>231,395</u>
Net assets, beginning	<u>1,704,420</u>	<u>1,473,025</u>
Net assets, ending	<u>\$ 1,733,913</u>	<u>\$ 1,704,420</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, 2020**

	Program Services		Supporting Services		Total
	Research & Science	Outreach & Education	Management and General	Fundraising	
Advertising	\$ 1,280	\$ 2,559		\$ 1,280	\$ 5,119
Board activities			\$ 687		687
Database/internet maint. & serv.	2,595	38,926		10,380	51,901
Depreciation	3,720	4,428	265	443	8,856
Donor/relationship cultivation	291	458		83	832
Dues and subscriptions	1,900	8,233	633	1,900	12,666
Education/outreach		568			568
Estore shipping	90	234		36	360
Estore supplies	441	1,146		176	1,763
Event support - special events fees	1,769	7,076	885	7,961	17,691
Financial services fees	3,570	3,718	5,057	2,528	14,873
Furniture/Equipment	523	3,268	43	523	4,357
In-kind - other	375	375	75	675	1,500
Insurance - health and life	30,019	31,935	1,916		63,870
Insurance - liab, prop, auto, d&o	4,081	5,539	1,749	3,206	14,575
Licenses and fees		761	1,522	761	3,044
Maintenance and repairs	4,292	6,602	110		11,004
Miscellaneous	28	141	5	30	204
Moving expense	48	238	3	51	340
Payroll taxes	16,027	16,027	2,549	1,821	36,424
Payroll expense	6,906	6,906	1,098	785	15,695
Pension expense	4,170	7,358	368	368	12,264
Postage/shipping	453	711		129	1,293
Prof. development/staff retreat	2,405	2,863	172	286	5,726
Professional services	9,748	12,185	2,437		24,370
Regional meetings	37	298		37	372
Rent - equipment	92	141	2		235
Salaries and wages	187,618	187,618	29,848	21,320	426,404
Scholarship		6,625			6,625
Supplies	304	1,902	26	304	2,536
Telephone	556	2,783	40	596	3,975
Travel	32	128	11	42	213
Utilities	2,881	4,433	74		7,388
	\$ 286,251	\$ 366,183	\$ 49,575	\$ 55,721	\$ 757,730

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



**Histiocytosis Association, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	Program Services		Supporting Services		Total
	Research & Science	Outreach & Education	Management and General	Fundraising	
Advertising			\$ 200		\$ 200
Board activities			16,274		16,274
Database/internet maint. & serv.	\$ 17,904	\$ 41,775			59,679
Depreciation	3,783	4,505	270	\$ 450	9,008
Donor/relationship cultivation	274	430		79	783
Dues and subscriptions	223	966	74	223	1,486
Education/outreach		5,988			5,988
Event support - NY Dinner fees	14,977	29,955	2,995	11,982	59,909
Event support - special events fees	7,247	28,985	3,623	32,608	72,463
Financial services fees	4,871	5,075	6,901	3,451	20,298
Furniture/Equipment	1,041	6,508	88	1,041	8,678
Honorarium awards	500				500
In-kind - special event fees	7,207	7,207	1,441	12,972	28,827
Insurance - health and life	26,172	27,842	1,671		55,685
Insurance - liab, prop, auto, d&o	4,134	5,610	1,772	3,248	14,764
Interest	365	372	7		744
Licenses and fees		1,340	2,682	1,340	5,362
Maintenance and repairs	6,892	10,603	176		17,671
Payroll taxes	12,304	12,304	1,958	1,398	27,964
Payroll expense	6,573	6,573	1,046	747	14,939
Pension expense	3,627	6,400	320	320	10,667
Postage/shipping	1,071	1,683		306	3,060
Printing	261	411		75	747
Prof. development/staff retreat	537	639	38	64	1,278
Professional services	9,026	11,282	2,257		22,565
Regional meetings	185	1,484		185	1,854
Rent - equipment	185	284	5		474
Research grants	300,000				300,000
Salaries and wages	153,284	153,284	24,386	17,418	348,372
Scholarship		1,500			1,500
Supplies	811	5,071	68	811	6,761
Telephone	819	4,093	58	877	5,847
Travel	812	3,249	271	1,083	5,415
Utilities	4,598	7,075	118		11,791
	\$ 589,683	\$ 392,493	\$ 68,699	\$ 90,678	\$ 1,141,553

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

**HISTIOCYTOSIS ASSOCIATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 29,493	\$ 231,395
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	8,856	9,008
Net realized and unrealized gain on investments	(23,042)	(69,392)
(Increase) decrease in		
Contributions receivable	11,291	18,118
Prepaid expenses	33,428	(8,423)
Increase (decrease) in		
Accounts payable and accrued expenses	<u>(298,510)</u>	<u>85,341</u>
Net cash provided by (used in) operating activities	<u>(238,484)</u>	<u>266,047</u>
Cash flows from investing activities		
Reinvestment of dividends	(11,127)	(12,059)
Investment fees	5,622	6,348
Proceeds from sale of investments	<u>200,000</u>	<u>          </u>
Net cash provided by (used in) investing activities	<u>194,495</u>	<u>(5,711)</u>
Cash flows from financing activities		
Proceeds of PPP loan payable	<u>74,300</u>	<u>          </u>
Net cash provided by financing activities	<u>74,300</u>	<u>-</u>
Net increase in cash	30,311	260,336
Cash - beginning of year	<u>1,065,238</u>	<u>804,902</u>
Cash - end of year	<u><u>\$ 1,095,549</u></u>	<u><u>\$ 1,065,238</u></u>

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

## HISTIOCYTOSIS ASSOCIATION, INC. Notes to Financial Statements

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### 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 equivalents.

Contributions receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. As of December 31, 2020, the Association's contributions receivable consisted of unconditional promises to give in the amount of \$32,200, all of which are expected to be collected within one year. As of December 31, 2019, contributions receivable consisted of unconditional promises to give in the amount of \$43,491.

Investments – The Association carries investments in marketable securities at their fair values. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

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.

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

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

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.

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 \$5,119 and \$200 as of December 31, 2020 and 2019, respectively.

Income taxes – The Association 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 Association 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 Association believes that in the event of an examination by taxing authorities, the Association's position would prevail based upon the technical merits of such positions. Therefore, the Association has concluded that no tax benefits or liabilities are required to be recognized in accordance with the new requirements.

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

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

Revenue recognition

- Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (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 restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

- In-kind contributions – In-kind contributions are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions and in-kind fundraising expense on the accompanying statements of activities and statements of functional expenses. The Association benefited from a variety of donated door prizes used during fundraising events. In-kind contributions were valued at \$1,500 and \$28,827 during the years ended December 31, 2020 and 2019, respectively.

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.

New accounting pronouncements

*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, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Association is assessing the potential impact this guidance will have on its financial statements.

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

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

Newly adopted 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.

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: **LIQUIDITY AND AVAILABILITY**

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

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,095,549	\$ 1,065,238
Contributions receivable	32,200	43,491
Investments	<u>402,449</u>	<u>573,902</u>
Total financial assets	1,530,198	1,682,631
Less amounts not available to be used within one year:		
Designated by the board – purpose restricted	306,592	105,927
Net assets with donor restrictions – purpose restricted	<u>248,041</u>	<u>228,040</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 975,565</u>	<u>\$ 1,348,664</u>

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

Note 5: **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	December 31	
	2020	2019
Building	\$ 463,405	\$ 463,405
Furniture, fixtures and equipment	96,116	96,116
	559,521	559,521
Less: accumulated depreciation and amortization	243,663	234,807
Net property and equipment	\$ 315,858	\$ 324,714

Note 6: **INVESTMENTS**

Investments consist of fixed income and equity mutual funds in the amount of \$402,449 and \$573,902 as of December 31, 2020 and 2019, respectively.

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

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	\$ 152,850	\$ 155,813	\$ 217,058	\$ 217,514
Fixed income mutual funds	185,719	246,636	273,767	356,388
	\$ 338,569	\$ 402,449	\$ 490,825	\$ 573,902

Investment return is summarized as follows:

	December 31	
	2020	2019
Interest and dividends	\$ 11,739	\$ 18,103
Net realized/unrealized gains	23,042	69,392
	\$ 34,781	\$ 87,495

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

**Note 7: 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, 2020 and 2019. 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, 2020

	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	\$ 155,813	\$ 155,813		
Equity funds				
Large blend	165,627	165,627		
Dynamic asset allocation	81,009		\$ 81,009	
	\$ 402,449	\$ 321,440	\$ 81,009	\$ -



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

Note 7: **FAIR VALUE MEASUREMENT (continued)**

Fair Value Measurements as of December 31, 2019

	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	\$ 217,514	\$ 217,514		
Equity funds				
Large blend	246,396	246,396		
Dynamic asset allocation	109,992		\$ 109,992	
	<u>\$ 573,902</u>	<u>\$ 463,910</u>	<u>\$ 109,992</u>	<u>\$ -</u>

Note 8: **PAYCHECK PROTECTION PROGRAM LOAN**

In response to the COVID 19 Public Health Emergency, the US federal government adopted the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which includes a Small Business Paycheck Protection Program (“PPP”) under the auspices of the federal Small Business Administration (“SBA”). The PPP funding is legally structured as a forgivable loan by the SBA.

On April 28, 2020, the Histiocytosis Association, Inc. borrowed \$74,300 from Peapack-Gladstone Bank. The interest rate is 1%, the loan term is two (2) years and principal and interest payments are due monthly. The SBA guarantees loan repayment to the bank. The balance of this PPP loan was \$74,300 as of December 31, 2020 and has been classified as a long-term liability on the statements of financial position.

In order to achieve forgiveness of the loan, the Association was required to spend the funding for specific purposes and generally its full-time equivalent level of staffing over a defined time period. In October 2020, the Association filed for forgiveness of the entire amount of the loan. (See also Note 16).

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

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**Note 9: NET ASSETS WITH DONOR RESTRICTIONS**

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

	December 31	
	<u>2020</u>	<u>2019</u>
Permanent restrictions on use	\$ 151,500	\$ 151,500
Various donor restrictions for specific purposes	<u>96,541</u>	<u>76,540</u>
	<u>\$ 248,041</u>	<u>\$ 228,040</u>

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

**Note 10: 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 \$306,592 and \$105,927 at December 31, 2020 and 2019, respectively.

**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 \$12,264 and \$10,667 for the years ended December 31, 2020 and 2019, 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 \$232,127 and \$239,864 for the years ended December 31, 2020 and 2019, respectively.

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

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**Note 13: CONCENTRATION OF INCOME SOURCES**

Histiocytosis Association, Inc. received approximately 37% and 30% of its total revenue from fundraising for the year ended December 31, 2020 and 2019, respectively. An annual support dinner provided approximately 37% of total revenue for the year ended December 31, 2019. This annual support dinner was not held in-person in 2020 but was conducted as an appeal and donations were still received (see Note 15). 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, as occurred in 2020.

Investments are made by diversified investment managers whose performance is monitored by us and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the executive committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

**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 support in the amounts of \$-0- and \$50,000 to the Society for the years ended December 31, 2020 and 2019, respectively. Histiocytosis Association, Inc. also provides services and assistance to the Histiocyte Society.

**Note 15: COVID-19 PANDEMIC**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Association, its performance, and its financial results.

As a result of the COVID-19 pandemic, the Association was not able to hold its fundraising events. These circumstances resulted in an approximate decrease in revenue of \$413,000 in 2020. Future events are expected to take place, but will be subject to relevant guidelines and capacity restrictions

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

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Note 16: **SUBSEQUENT EVENTS**

On February 28, 2021, the Association borrowed \$100,637 from Northeast Bank, as a second draw on their PPP loan. The interest rate is 1%, the loan term is two (2) years and principal and interest payments are due monthly after 10 months plus 24-week deferral period. The SBA guarantees loan repayment to the bank.

A recipient of a PPP loan may apply for loan forgiveness to the extent the loan proceeds were used for the following only during the 8 or 24-week period beginning on the date of the loan origination: payroll costs, mortgage interest, rent and utility costs. Management of Histiocytosis Association, Inc. expects that eligible costs during the 8 or 24-week period following the loan funding will be sufficient to enable Histiocytosis Association, Inc. to obtain 100% forgiveness for the entire loan amount.

On April 13, 2021, the Association was notified by Peapack-Gladstone Bank of approval for PPP loan forgiveness in the amount of \$74,300, the entire amount of the original PPP loan borrowed in 2020.

Management of the Histiocytosis Association, Inc. has evaluated subsequent events through August 10, 2021, the date the financial statements were available to be issued.

