

HISTIOCYTOSIS ASSOCIATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

HISTIOCYTOSIS ASSOCIATION, INC.

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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, 2017 and 2016, 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 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 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, 2017 and 2016, 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

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
May 10, 2018

HISTIOCYTOSIS ASSOCIATION, INC.
Statements of Financial Position
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 864,803	\$ 641,848
Contributions receivable, less allowance for uncollectible accounts of \$0 and \$1,200 in 2017 and 2016	105,040	52,281
Prepaid expenses	35,051	25,980
Investments	<u>535,080</u>	<u>477,898</u>
Total current assets	1,539,974	1,198,007
Property and equipment, net	<u>343,103</u>	<u>352,908</u>
	<u><u>\$ 1,883,077</u></u>	<u><u>\$ 1,550,915</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 388,430	\$ 208,508
Deferred revenue	<u>449</u>	<u>1,112</u>
Total current liabilities	<u>388,879</u>	<u>209,620</u>
Net assets		
Unrestricted	1,314,587	1,165,578
Temporarily restricted	28,111	24,217
Permanently restricted	<u>151,500</u>	<u>151,500</u>
Total net assets	<u>1,494,198</u>	<u>1,341,295</u>
	<u><u>\$ 1,883,077</u></u>	<u><u>\$ 1,550,915</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and other support		
Donations	\$ 705,068	\$ 543,192
Fundraising	523,499	611,415
Contributed services/materials	66,669	82,445
Interest income	2,016	2,335
Miscellaneous revenue	834	940
Net assets released from restriction	<u>26,106</u>	<u>38,652</u>
Total revenue and other support	<u>1,324,192</u>	<u>1,278,979</u>
Expenses		
Research and scientific initiatives	641,362	653,983
Outreach initiatives	424,034	442,645
General and administrative	66,229	70,049
Fundraising	<u>107,733</u>	<u>123,548</u>
Total expenses	<u>1,239,358</u>	<u>1,290,225</u>
Operating income (loss)	84,834	(11,246)
Other income		
Investment income	<u>30,479</u>	<u>8,300</u>
Excess (deficiency) of revenue over expenses	115,313	(2,946)
Unrealized gain on investments	<u>33,696</u>	<u>13,620</u>
Increase in unrestricted net assets	<u>149,009</u>	<u>10,674</u>
Unrestricted net assets beginning of year	<u>1,165,578</u>	<u>1,154,904</u>
Unrestricted net assets ending of year	<u>\$ 1,314,587</u>	<u>\$ 1,165,578</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted net assets		
Increase in unrestricted net assets	\$ 149,009	\$ 10,674
Temporarily restricted net assets		
Donations	30,000	42,099
Net assets released from restrictions	<u>(26,106)</u>	<u>(38,652)</u>
Increase in temporarily restricted net assets	<u>3,894</u>	<u>3,447</u>
Increase in net assets	<u>152,903</u>	<u>14,121</u>
Net assets, beginning	<u>1,341,295</u>	<u>1,327,174</u>
Net assets, ending	<u>\$ 1,494,198</u>	<u>\$ 1,341,295</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, 2017

	<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			\$ 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	13,396	26,792	2,679	10,717	53,584
Event support - special events	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	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
	<u>\$ 641,362</u>	<u>\$ 424,034</u>	<u>\$ 66,229</u>	<u>\$ 107,733</u>	<u>\$ 1,239,358</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.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net assets	\$ 152,903	\$ 14,121
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	9,805	11,241
Net realized and unrealized gain on investments	(42,356)	(7,396)
(Increase) decrease in		
Accounts receivable	(52,759)	(8,217)
Prepaid expenses	(9,071)	(15,177)
Increase (decrease) in		
Accounts payable and accrued expenses	179,922	7,118
Deferred revenue	(663)	(1,566)
	<u>237,781</u>	<u>124</u>
Cash flows from investing activities		
Purchase of equipment	-	(3,220)
Reinvestment of dividends	(20,811)	(14,133)
Investment fees	5,985	5,624
	<u>(14,826)</u>	<u>(11,729)</u>
Net cash used in investing activities		
	<u>222,955</u>	<u>(11,605)</u>
Cash - beginning of year	<u>641,848</u>	<u>653,453</u>
Cash - end of year	<u>\$ 864,803</u>	<u>\$ 641,848</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.

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.

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

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

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 \$66,669 and \$82,445 during the years ended December 31, 2017 and 2016, 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 \$640 and \$230 as of December 31, 2017 and 2016, 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.

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.

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

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

Subsequent events – Subsequent events were evaluated through May 10, 2018, 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 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. Early application is permitted. 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, 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 is 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 fiscal years beginning after December 15, 2017. The Organization is assessing the potential impact this guidance will have on its financial statements.

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.

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

Note 4: **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	December 31	
	2017	2016
Building	\$ 463,405	\$ 463,405
Furniture, fixtures and equipment	96,116	96,116
	559,521	559,521
Less: accumulated depreciation and amortization	216,418	206,613
Net property and equipment	\$ 343,103	\$ 352,908

Note 5: **INVESTMENTS**

Investments consist of fixed income and equity mutual funds in the amount of \$535,080 and \$477,898 as of December 31, 2017 and 2016, respectively.

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

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Equity mutual funds	\$ 202,887	\$ 198,931	\$ 189,247	\$ 182,955
Fixed income mutual funds	259,851	336,149	249,883	294,943
	\$ 462,738	\$ 535,080	\$ 439,130	\$ 477,898

Investment return is summarized as follows:

	December 31	
	2017	2016
Interest and dividends	\$ 23,835	\$ 16,859
Net realized/unrealized gains	42,356	7,396
	\$ 66,191	\$ 24,255

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, 2017 and 2016. 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, 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	
	\$ 535,080	\$ 429,723	\$ 105,357	\$ -

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>

Note 7: **TEMPORARILY RESTRICTED NET ASSETS**

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

	December 31	
	2017	2016
Various donor restrictions on use	<u>\$ 28,111</u>	<u>\$ 24,217</u>

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, 2017 and 2016.

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 \$101,714 and \$100,707 at December 31, 2017 and 2016, respectively.

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

Note 10: OPERATING LEASE COMMITMENTS

The Association has one non-cancelable operating lease for office equipment that expires in June, 2020. As of December 31, 2017, the future minimum lease payments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2018	\$ 431
2019	431
2020	<u>218</u>
	<u>\$ 1,080</u>

Rental expense was \$612 and \$549 for the years ended December 31, 2017 and 2016, 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 \$11,191 and \$11,696 for the years ended December 31, 2017 and 2016, 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, 2017 and 2016.

Note 13: CONCENTRATION OF INCOME SOURCES

Histiocytosis Association, Inc. received approximately 40% and 48% of its total revenue from fundraising for the year ended December 31, 2017 and 2016, respectively. An annual support dinner provided approximately 20% and 27% of total revenue for the year ended December 31, 2017 and 2016, 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 \$7,000 and \$6,000 to the Society for its annual meeting in 2017 and 2016, respectively. Histiocytosis Association, Inc. also provides services and assistance to the Histiocyte Society. The Society donated \$7,717 and \$7,350 to the Association for the years ended December 31, 2017 and 2016, respectively.

