

# **Cooley's Anemia Foundation, Inc.**

Financial Report  
June 30, 2017

## Contents

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|                                   |      |
|-----------------------------------|------|
| Independent auditor's report      | 1    |
| <hr/>                             |      |
| Financial statements              |      |
| Statements of financial position  | 2    |
| Statements of activities          | 3    |
| Statements of functional expenses | 4-5  |
| Statements of cash flows          | 6    |
| Notes to financial statements     | 7-12 |

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RSM US LLP

## Independent Auditor's Report

To the Board of Directors  
Cooley's Anemia Foundation, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Cooley's Anemia Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities, 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 the Foundation as of June 30, 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.

*RSM US LLP*

New York, New York  
March 27, 2018

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Cooley's Anemia Foundation, Inc.

Statements of Financial Position  
June 30, 2017 and 2016

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| <b>Assets</b>                              |                     |                     |
| Current assets:                            |                     |                     |
| Cash and cash equivalents                  | \$ 2,917,182        | \$ 2,077,858        |
| Short-term investments                     | 46,385              | 44,480              |
| Receivables:                               |                     |                     |
| Contributions                              | 439,960             | 170,000             |
| Grants                                     | 47,161              | 51,806              |
| Journal ads and functions                  | 82,654              | 55,312              |
| Prepaid expenses                           | 87,520              | 70,483              |
| <b>Total current assets</b>                | <b>3,620,862</b>    | <b>2,469,939</b>    |
| Property and equipment, at cost:           |                     |                     |
| Furniture, fixtures and computer equipment | 325,774             | 323,862             |
| Less accumulated depreciation              | 300,321             | 294,646             |
| <b>Property and equipment, net</b>         | <b>25,453</b>       | <b>29,216</b>       |
| Other assets:                              |                     |                     |
| Contribution receivable                    | 19,073              | 36,942              |
| Security deposits                          | 29,727              | 29,727              |
| <b>Total other assets</b>                  | <b>48,800</b>       | <b>66,669</b>       |
| <b>Total assets</b>                        | <b>\$ 3,695,115</b> | <b>\$ 2,565,824</b> |
| <b>Liabilities and Net Assets</b>          |                     |                     |
| Current liabilities:                       |                     |                     |
| Accrued liabilities and other              | \$ 69,868           | \$ 58,065           |
| Deferred event revenue                     | 265,951             | -                   |
| <b>Total current liabilities</b>           | <b>335,819</b>      | <b>58,065</b>       |
| Deferred rent obligation                   | 4,388               | 2,441               |
| <b>Total liabilities</b>                   | <b>340,207</b>      | <b>60,506</b>       |
| Net assets:                                |                     |                     |
| Unrestricted                               | 2,623,479           | 2,130,862           |
| Temporarily restricted                     | 731,429             | 374,456             |
| <b>Total net assets</b>                    | <b>3,354,908</b>    | <b>2,505,318</b>    |
| <b>Total liabilities and net assets</b>    | <b>\$ 3,695,115</b> | <b>\$ 2,565,824</b> |

See notes to financial statements.

Cooley's Anemia Foundation, Inc.

Statements of Activities  
Years Ended June 30, 2017 and 2016

|  | 2017             |                        |                  | 2016             |                        |                  |
|--|------------------|------------------------|------------------|------------------|------------------------|------------------|
|  | Unrestricted     | Temporarily Restricted | Total            | Unrestricted     | Temporarily Restricted | Total            |
| Changes in net assets:                         |                  |                        |                  |                  |                        |                  |
| Revenues, gains and other support:             |                  |                        |                  |                  |                        |                  |
| Functions:                                     |                  |                        |                  |                  |                        |                  |
| Revenues                                       | \$ 1,789,155     | \$ -                   | \$ 1,789,155     | \$ 1,571,251     | \$ -                   | \$ 1,571,251     |
| Direct expenses                                | (574,276)        | -                      | (574,276)        | (526,603)        | -                      | (526,603)        |
| <b>Net function income</b>                     | <b>1,214,879</b> | <b>-</b>               | <b>1,214,879</b> | <b>1,044,648</b> | <b>-</b>               | <b>1,044,648</b> |
| Donations                                      | 399,936          | 682,292                | 1,082,228        | 484,348          | 317,514                | 801,862          |
| Memorials                                      | 19,559           | -                      | 19,559           | 24,678           | -                      | 24,678           |
| Grants   | 219,753          | -                      | 219,753          | 239,437          | -                      | 239,437          |
| Investment earnings                            | 5,171            | -                      | 5,171            | 3,977            | -                      | 3,977            |
| <b>Total revenues and gains</b>                | <b>1,859,298</b> | <b>682,292</b>         | <b>2,541,590</b> | <b>1,797,088</b> | <b>317,514</b>         | <b>2,114,602</b> |
| Net assets released from restrictions          | 325,319          | (325,319)              | -                | 174,487          | (174,487)              | -                |
| <b>Total revenues, gains and other support</b> | <b>2,184,617</b> | <b>356,973</b>         | <b>2,541,590</b> | <b>1,971,575</b> | <b>143,027</b>         | <b>2,114,602</b> |
| Expenses:                                      |                  |                        |                  |                  |                        |                  |
| Program services:                              |                  |                        |                  |                  |                        |                  |
| Research and grants                            | 282,781          | -                      | 282,781          | 238,566          | -                      | 238,566          |
| Public information                             | 245,846          | -                      | 245,846          | 612,899          | -                      | 612,899          |
| Patient services                               | 560,024          | -                      | 560,024          | 341,580          | -                      | 341,580          |
| Community services                             | 124,181          | -                      | 124,181          | 51,589           | -                      | 51,589           |
| <b>Total program services</b>                  | <b>1,212,832</b> | <b>-</b>               | <b>1,212,832</b> | <b>1,244,634</b> | <b>-</b>               | <b>1,244,634</b> |
| Supporting services:                           |                  |                        |                  |                  |                        |                  |
| Management and general                         | 180,225          | -                      | 180,225          | 277,902          | -                      | 277,902          |
| Fund-raising                                   | 298,943          | -                      | 298,943          | 211,395          | -                      | 211,395          |
| <b>Total supporting services</b>               | <b>479,168</b>   | <b>-</b>               | <b>479,168</b>   | <b>489,297</b>   | <b>-</b>               | <b>489,297</b>   |
| <b>Total expenses</b>                          | <b>1,692,000</b> | <b>-</b>               | <b>1,692,000</b> | <b>1,733,931</b> | <b>-</b>               | <b>1,733,931</b> |
| <b>Increase in net assets</b>                  | <b>492,617</b>   | <b>356,973</b>         | <b>849,590</b>   | <b>237,644</b>   | <b>143,027</b>         | <b>380,671</b>   |
| Net assets:                                    |                  |                        |                  |                  |                        |                  |
| Beginning                                      | 2,130,862        | 374,456                | 2,505,318        | 1,893,218        | 231,429                | 2,124,647        |
| Ending   | \$ 2,623,479     | \$ 731,429             | \$ 3,354,908     | \$ 2,130,862     | \$ 374,456             | \$ 2,505,318     |

See notes to financial statements.

Cooley's Anemia Foundation, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2017

|  | Program Services    |                    |                   |                    | Supporting Services    |                   | Total Program and Supporting Services |
|--|---------------------|--------------------|-------------------|--------------------|------------------------|-------------------|---------------------------------------|
|  | Research and Grants | Public Information | Patient Services  | Community Services | Management and General | Fund-Raising      |                                       |
| Awards and fellowships   | \$ 212,493          | \$ -               | \$ -              | \$ -               | \$ -                   | \$ -              | \$ 212,493                            |
| Salaries   | 16,037              | 79,905             | 206,320           | 84,691             | 70,099                 | 191,593           | 648,645                               |
| Payroll taxes and benefits   | 2,582               | 13,617             | 33,723            | 14,138             | 12,039                 | 33,352            | 109,451                               |
| Pension  | 479                 | 665                | 3,157             | 526                | 2,077                  | 2,531             | 9,435                                 |
| Professional fees  | 29,219              | 29,210             | 29,210            | -                  | 35,845                 | -                 | 123,484                               |
| Telephone  | 1,834               | 2,236              | 2,236             | 2,292              | 3,564                  | 6,985             | 19,147                                |
| Stationery, postage, computer and office                                   | 90                  | 32,588             | 2,304             | 1,788              | 10,234                 | 21,462            | 68,466                                |
| Rent and utilities   | 19,409              | 19,947             | 19,947            | 20,007             | 19,525                 | 24,097            | 122,932                               |
| Printing and publications  | -                   | 10,548             | -                 | -                  | 168                    | 1,901             | 12,617                                |
| Meetings and conferences, including related travel                         | -                   | 43,794             | -                 | -                  | 3,708                  | 14,245            | 61,747                                |
| Specific assistance to patients  | -                   | 662                | 261,447           | -                  | -                      | -                 | 262,109                               |
| Insurance  | 537                 | 1,072              | 1,072             | 536                | 1,077                  | 1,073             | 5,367                                 |
| Miscellaneous  | 101                 | 11,602             | 608               | 203                | 16,214                 | 1,704             | 30,432                                |
| <b>Total expenses before depreciation and direct expenses of functions</b> | <b>282,781</b>      | <b>245,846</b>     | <b>560,024</b>    | <b>124,181</b>     | <b>174,550</b>         | <b>298,943</b>    | <b>1,686,325</b>                      |
| Depreciation   | -                   | -                  | -                 | -                  | 5,675                  | -                 | 5,675                                 |
| <b>Total expenses before direct expenses of functions</b>                  | <b>282,781</b>      | <b>245,846</b>     | <b>560,024</b>    | <b>124,181</b>     | <b>180,225</b>         | <b>298,943</b>    | <b>1,692,000</b>                      |
| Direct expenses of functions   | -                   | -                  | -                 | -                  | -                      | 574,276           | 574,276                               |
| <b>Total expenses</b>  | <b>\$ 282,781</b>   | <b>\$ 245,846</b>  | <b>\$ 560,024</b> | <b>\$ 124,181</b>  | <b>\$ 180,225</b>      | <b>\$ 873,219</b> | <b>\$ 2,266,276</b>                   |

See notes to financial statements.

Cooley's Anemia Foundation, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2016

|  | Program Services    |                    |                   |                    | Supporting Services    |                   | Total Program and Supporting Services |
|--|---------------------|--------------------|-------------------|--------------------|------------------------|-------------------|---------------------------------------|
|  | Research and Grants | Public Information | Patient Services  | Community Services | Management and General | Fund-Raising      |                                       |
| Awards and fellowships   | \$ 170,625          | \$ -               | \$ -              | \$ -               | \$ -                   | \$ -              | \$ 170,625                            |
| Salaries   | 16,510              | 170,341            | 184,836           | 22,290             | 157,200                | 124,324           | 675,501                               |
| Payroll taxes and benefits   | 2,484               | 25,636             | 27,816            | 3,357              | 23,657                 | 18,708            | 101,658                               |
| Pension  | 479                 | 343                | 3,559             | 229                | 1,587                  | 1,337             | 7,534                                 |
| Professional fees  | 28,145              | 28,137             | 28,137            | -                  | 49,291                 | -                 | 133,710                               |
| Telephone  | 2,018               | 2,455              | 2,314             | 2,314              | 3,659                  | 6,907             | 19,667                                |
| Stationery, postage, computer and office                                   | 85                  | 30,731             | 1,849             | 1,014              | 9,472                  | 21,659            | 64,810                                |
| Rent and utilities   | 16,995              | 17,677             | 17,483            | 17,483             | 18,309                 | 20,629            | 108,576                               |
| Printing and publications  | -                   | 21,426             | -                 | -                  | -                      | 3,665             | 25,091                                |
| Meetings and conferences, including related travel                         | -                   | 304,002            | -                 | -                  | 2,689                  | 10,756            | 317,447                               |
| Specific assistance to patients  | -                   | -                  | 72,987            | 2,050              | -                      | -                 | 75,037                                |
| Insurance  | 1,187               | 2,373              | 2,373             | 1,187              | 2,390                  | 2,373             | 11,883                                |
| Miscellaneous  | 38                  | 9,778              | 226               | 1,665              | 3,246                  | 1,037             | 15,990                                |
| <b>Total expenses before depreciation and direct expenses of functions</b> | <b>238,566</b>      | <b>612,899</b>     | <b>341,580</b>    | <b>51,589</b>      | <b>271,500</b>         | <b>211,395</b>    | <b>1,727,529</b>                      |
| Depreciation   | -                   | -                  | -                 | -                  | 6,402                  | -                 | 6,402                                 |
| <b>Total expenses before direct expenses of functions</b>                  | <b>238,566</b>      | <b>612,899</b>     | <b>341,580</b>    | <b>51,589</b>      | <b>277,902</b>         | <b>211,395</b>    | <b>1,733,931</b>                      |
| Direct expenses of functions   | -                   | -                  | -                 | -                  | -                      | 526,603           | 526,603                               |
| <b>Total expenses</b>  | <b>\$ 238,566</b>   | <b>\$ 612,899</b>  | <b>\$ 341,580</b> | <b>\$ 51,589</b>   | <b>\$ 277,902</b>      | <b>\$ 737,998</b> | <b>\$ 2,260,534</b>                   |

See notes to financial statements.

**Cooley's Anemia Foundation, Inc.**

**Statements of Cash Flows**  
**Years Ended June 30, 2017 and 2016**

|   | <b>2017</b>         | <b>2016</b>         |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Increase in net assets  | <b>\$ 849,590</b>   | \$ 380,671          |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: |                     |                     |
| Change of discount to multi-year contribution receivable                                      | <b>(2,131)</b>      | -                   |
| Depreciation  | <b>5,675</b>        | 6,402               |
| Amortization of deferred lease obligation   | <b>1,947</b>        | 1,066               |
| Changes in assets and liabilities:  |                     |                     |
| (Increase) decrease in contributions receivable   | <b>(249,960)</b>    | 92,927              |
| Decrease (increase) in grants receivable  | <b>4,645</b>        | (1,780)             |
| (Increase) decrease in receivables for journal ads and functions                              | <b>(27,342)</b>     | 55,595              |
| (Increase) decrease in prepaid expenses   | <b>(17,037)</b>     | 125,123             |
| Increase (decrease) in accrued liabilities and other  | <b>11,803</b>       | (116,432)           |
| Increase in deferred event revenue  | <b>265,951</b>      | -                   |
| <b>Net cash provided by operating activities</b>  | <b>843,141</b>      | <b>543,572</b>      |
| Cash flows from investing activities:   |                     |                     |
| Purchase of furniture, fixtures, and computer equipment                                       | <b>(1,912)</b>      | (19,784)            |
| Purchase of short-term investments  | <b>(5,171)</b>      | (3,977)             |
| Proceeds from sale of short-term investments  | <b>3,266</b>        | 168,500             |
| <b>Net cash (used in) provided by investing activities</b>                                    | <b>(3,817)</b>      | <b>144,739</b>      |
| <b>Net increase in cash and cash equivalents</b>  | <b>839,324</b>      | <b>688,311</b>      |
| Cash and cash equivalents:  |                     |                     |
| Beginning   | <b>2,077,858</b>    | 1,389,547           |
| Ending  | <b>\$ 2,917,182</b> | <b>\$ 2,077,858</b> |

See notes to financial statements.



## Cooley's Anemia Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Principles

**Organization:** Cooley's Anemia Foundation, Inc. (the Foundation) is a national nonprofit health organization dedicated to enhancing the quality of life of patients afflicted with Cooley's Anemia, advancing the treatment and cure of this fatal blood disease and educating the medical profession and public about Cooley's Anemia.

The accompanying financial statements include the accounts of the New York National Office and the Foundation's 11 chapters in the fiscal years ended June 30, 2017 and 2016.

**Basis of presentation:** The financial statement presentation follows the Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. Under ASC Topic 958, the Foundation is required 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.

**Net asset classifications:** Unrestricted net assets represent funds which are neither permanently nor temporarily restricted by donors and are generally available for the Foundation to utilize in any of its programs or supporting services.

Temporarily restricted net assets are comprised of funds which are restricted by donors for specific purposes. Upon the expiration of either donor-imposed time or purpose restrictions, temporarily restricted net assets are transferred to unrestricted net assets.

Permanently restricted net assets include contributions that donors have specified must be maintained in perpetuity. Interest and dividends, and net realized and unrealized appreciation of the related investments, are expended for such purposes as specified by the donor or, if none, then for general purposes. There were no permanently restricted net assets as of June 30, 2017 and 2016.

Donor imposed restrictions that are satisfied in the same reporting period are classified as unrestricted.

**Revenue recognition:** Contributions: Unconditional contributions, including unconditional promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. The discount on those amounts is computed using risk-adjusted interest rates applicable to the year in which the promise to give is received.

Grants, which are considered contributions, are recognized in full in the year in which the grant period begins. Grants which require specific performance or specify goals or results to be achieved by the Foundation are recognized when the specific requirements are fulfilled.

## Cooley's Anemia Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Principles (Continued)

Revenue for events is recognized when the event takes place. Amounts collected prior to the date of the event are deferred until the date of the event and are recorded as deferred event revenue in the statements of financial position.

**Donated materials and services:** A number of volunteers have donated time to the Foundation's programs and its fund-raising campaigns. The value of these contributed services does not meet the accounting criteria for recognition and, accordingly, is not recognized in the accompanying financial statements.

**Cash and cash equivalents:** The Foundation considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

**Investments and fair value measurements:** Investments are stated at their fair value. The net realized and unrealized gains (losses) on investments are reflected in the statements of activities. Investment income is recorded on the accrual basis.

The Foundation applies Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurement*. FASB ASC 820 provides a framework for measuring fair value in accordance with generally accepted accounting standards in the United States (U.S. GAAP), and applies to all financial instruments that are being measured and reported on a fair value basis.

FASB ASC 820 sets out a fair value hierarchy and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are defined as follows:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

## Cooley's Anemia Foundation, Inc.

### Notes to Financial Statements

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#### **Note 1. Organization and Summary of Significant Accounting Principles (Continued)**

For the fiscal years ended June 30, 2017 and 2016, the application of valuation techniques to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

At June 30, 2017 and 2016, the Foundation's short-term investments of \$46,385 and \$44,480, respectively, consist of certificates of deposit, which are classified as Level 2 investments and have been valued using a matrix based on interest rates.

**Property and equipment:** The Foundation's policy for the capitalization of property and equipment is limited to purchases of \$1,000 or more with an estimated useful life greater than one year. Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets of five to seven years.

**Functional expenses:** The Foundation allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to each.

**Concentration of credit risk:** Financial instruments that potentially subject the Foundation to concentrations of credit risk consist primarily of cash and cash equivalents and short-term investments. The Foundation maintains the majority of its cash and cash equivalents in bank deposits and money market accounts with high-credit financial institutions. At times, such balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk associated with such accounts.

**Use of estimates:** The preparation of financial statements in conformity with U.S. GAAP 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Tax-exempt status and income taxes:** The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization as described in Section 509(a). In addition, the Foundation is not classified as a private foundation. The Foundation is subject to unrelated business income tax (UBIT), if applicable. For the years ended June 30, 2017 and 2016, the Foundation did not incur any UBIT.

Management evaluated all of the Foundation's tax positions for all open tax years and has concluded that the Foundation had taken no uncertain tax positions that require adjustments or disclosure to the financial statements.

**Evaluation of subsequent events:** The Foundation evaluated events occurring subsequent to the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation was performed through March 27, 2018, the date that these financial statements were available to be issued.

## Cooley's Anemia Foundation, Inc.

### Notes to Financial Statements

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#### Note 1. Organization and Summary of Significant Accounting Principles (Continued)

**Recently issued accounting pronouncements:** In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for one year, making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Foundation is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier adoption is permitted. Management has not evaluated the impact of this ASU on the financial statements.

#### Note 2. Contributions Receivable

Contributions receivable as of June 30, is as follows:

|   | 2017              | 2016              |
|---|-------------------|-------------------|
| Amount due in less than one year                  | \$ 439,960        | \$ 170,000        |
| Amount due in one to five years                   | 20,000            | 40,000            |
| Total contributions receivable                    | 459,960           | 210,000           |
| Less: unamortized discount interest rate of 2.30% | (927)             | (3,058)           |
| Net contribution receivable                       | <u>\$ 459,033</u> | <u>\$ 206,942</u> |

During fiscal 2017, the Foundation learned that it is one of the beneficiaries to a will for a donor who passed away in February 2017. Pursuant to bequests in the will, for the year ended June 30, 2017 the Foundation has recognized \$366,661 in contribution revenue, of which \$259,923 is included in contributions receivable as of June 30, 2017. Additionally, the Foundation will receive beneficial interests in four of the deceased donor's charitable remainder trusts. The trusts have not yet been funded as the will's executors are waiting for approval of the estate tax return. The amounts of the remaining bequests are unknown and are not recorded in the financial statements.

## Cooley's Anemia Foundation, Inc.

### Notes to Financial Statements

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#### Note 3. Grants

The Foundation has an agreement with the Centers for Disease Control and Prevention (the CDC) that provides funding to develop and implement the Thalassemia Prevention Education and Outreach Program for the period from September 30, 2014 through September 29, 2017. The approved amount awarded through June 30, 2017 is \$450,000. In connection with the agreements, the Foundation recognized \$151,568 and \$157,052 as grant revenue in fiscal years ended June 30, 2017 and 2016, respectively. Receivable for these grants as of June 30, 2017 and 2016 was \$35,111 and \$35,280, respectively.

The Foundation received an award from the U.S. Department of Health and Human Services to support the Thalassemia research project for the project period covering from June 1, 2015 through May 31, 2018. The approved amount awarded through June 30, 2017 is \$159,048. The Foundation recognized revenue amounting to \$68,185 and \$72,340 of this grant in the fiscal years ended June 30, 2017 and 2016, respectively. The receivable for this grant as of June 30, 2017 and 2016 was \$12,050 and \$16,526, respectively.

#### Note 4. Commitments and Contingencies

**Leases:** The Foundation is obligated under a lease for office space. The lease agreement for the National Office was renewed in October 2015 and expires July 2019. The lease also contains provisions for escalation charges based upon certain cost increases incurred by the lessor. Rent expense for the years ended June 30, 2017 and 2016 was \$95,325 and \$87,185, respectively. Future minimum rental payments under the operating lease commitment is as follows:

Years ending June 30:

|      |                   |
|------|-------------------|
| 2018 | \$ 97,829         |
| 2019 | 100,519           |
| 2020 | 8,452             |
|      | <u>\$ 206,800</u> |

**Awards and fellowships:** Directors of the Foundation have approved, as of June 30, 2017, medical research grants amounting to \$235,625 for the fiscal year from July 1, 2017 through June 30, 2018. Such grants are subject to the satisfaction, by the intended recipients, of certain conditions before payment and have not yet been reflected as a liability as of June 30, 2017 in the accompanying statements of financial position.

#### Note 5. Retirement Plan

The Foundation has a simple IRA plan for all employees who meet eligibility requirements. The plan permits employee contributions of up to \$8,000 with matching contributions made by the Foundation based on employees' compensation. The Foundation made contributions of \$9,435 and \$7,535 in 2017 and 2016, respectively.

**Cooley's Anemia Foundation, Inc.**

**Notes to Financial Statements**

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**Note 6. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes as of June 30,

|                              | <u>2017</u>       | <u>2016</u>       |
|------------------------------|-------------------|-------------------|
| Lifeline costs               | \$ 948            | \$ 948            |
| Hardship needs               | 4,797             | 11,566            |
| Scholarships                 | 48,189            | 56,942            |
| Medical research             | 366,661           | -                 |
| Patient-Family Conference    | 160,834           | 155,000           |
| Restricted to future periods | 150,000           | 150,000           |
|                              | <u>\$ 731,429</u> | <u>\$ 374,456</u> |

Temporarily restricted net assets were released from restrictions during the years ended June 30, 2017 and 2016 by incurring expenses satisfying the restricted purposes, passage of time, or occurrence of other events, as follows:

|                           | <u>2017</u>       | <u>2016</u>       |
|---------------------------|-------------------|-------------------|
| Hardship needs            | \$ 11,566         | \$ 6,560          |
| Scholarships              | 8,753             | 17,927            |
| Patient-Family Conference | 155,000           | -                 |
| Lapse of time restriction | 150,000           | 150,000           |
|                           | <u>\$ 325,319</u> | <u>\$ 174,487</u> |