

**GBS | CIDP FOUNDATION  
INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**



## **Independent Auditor's Report**

Board of Directors  
GBS I CIDP Foundation International, Inc.  
Conshohocken, Pennsylvania

We have audited the accompanying financial statements of GBS I CIDP Foundation International, Inc, which comprise the statements of financial position as of December 31, 2017 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 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 GBS | CIDP Foundation International, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

The financial statements of GBS | CIDP Foundation International, Inc. as of December 31, 2016 were audited by other auditors whose report dated March 7, 2017 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Isdaner & Company, L.L.C.*

March 13, 2018

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 425,350	\$ 468,450
Unconditional promises to give	-	110,000
Prepaid expenses and deposits	<u>18,081</u>	<u>3,962</u>
Total current assets	443,431	582,412
Investments	7,642,157	6,928,743
Furniture and equipment, net of accumulated depreciation of \$46,269 and \$42,079 in 2017 and 2016, respectively	<u>49,626</u>	<u>16,109</u>
	<u><u>\$8,135,214</u></u>	<u><u>\$7,527,264</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 93,575	\$ 28,749
Grants payable, current portion	<u>323,940</u>	<u>250,000</u>
Total current liabilities	417,515	278,749
Grants payable, net of current portion	<u>287,721</u>	<u>-</u>
Total liabilities	<u>705,236</u>	<u>278,749</u>
Net assets:		
Unrestricted:		
Undesignated	5,300,102	4,714,398
Board designated - fellowship	<u>1,654,169</u>	<u>1,621,556</u>
	6,954,271	6,335,954
Temporarily restricted	<u>475,707</u>	<u>912,561</u>
Total net assets	<u>7,429,978</u>	<u>7,248,515</u>
	<u><u>\$8,135,214</u></u>	<u><u>\$7,527,264</u></u>

The accompanying notes are an integral part of these statements.

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>			<u>2016 (Note 1)</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Support and revenue:				
Contributions	\$ 979,722	\$325,711	\$1,305,433	\$1,355,173
Special events, net of expenses of \$33,417 and \$43,650 in 2017 and 2016, respectively	255,200	105,000	360,200	423,190
	<u>1,234,922</u>	<u>430,711</u>	<u>1,665,633</u>	<u>1,778,363</u>
Net assets released from restrictions	867,565	(867,565)	-	-
Total support and revenue	<u>2,102,487</u>	<u>(436,854)</u>	<u>1,665,633</u>	<u>1,778,363</u>
Expenses:				
Program	2,042,459	-	2,042,459	1,661,239
Management and general	185,340	-	185,340	106,608
Fundraising	75,749	-	75,749	64,034
	<u>2,303,548</u>	<u>-</u>	<u>2,303,548</u>	<u>1,831,881</u>
Net investment income	819,378	-	819,378	637,358
Change in net assets	618,317	(436,854)	181,463	583,840
Net assets at beginning of year	<u>6,335,954</u>	<u>912,561</u>	<u>7,248,515</u>	<u>6,664,675</u>
Net assets at end of year	<u>\$6,954,271</u>	<u>\$475,707</u>	<u>\$7,429,978</u>	<u>\$7,248,515</u>

The accompanying notes are an integral part of these statements.

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$181,463	\$583,840
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Depreciation	4,190	5,874
Net realized and unrealized gain on investments	(662,593)	(465,616)
Changes in assets and liabilities:		
Unconditional promises to give	110,000	130,000
Prepaid expenses and deposits	(14,119)	(36)
Accounts payable and accrued expenses	64,826	(28,712)
Grants payable	361,661	(250,000)
	<u>45,428</u>	<u>(24,650)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of furniture and equipment	(37,707)	(5,527)
Purchase of investments	(2,762,388)	(1,139,004)
Proceeds from sale of investments	2,711,567	1,196,360
	<u>(88,528)</u>	<u>51,829</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash	(43,100)	27,179
Cash at beginning of year	<u>468,450</u>	<u>441,271</u>
Cash at end of year	<u>\$425,350</u>	<u>\$468,450</u>

The accompanying notes are an integral part of these statements.

**GBS I CIDP FOUNDATION INTERNATIONAL, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016 (Note 1)	
	Program	Management and General	Fundraising	Total	Total
Salaries	\$ 500,062	\$ 45,649	\$46,263	\$ 591,974	\$ 544,949
Payroll taxes and employee benefits	75,360	6,879	6,972	89,211	86,281
Total salaries and related expenses	575,422	52,528	53,235	681,185	631,230
Research grants	822,687	-	-	822,687	399,976
Board expense	46,422	5,158	-	51,580	22,479
Chapter expenses	65,859	-	-	65,859	8,153
Contracted service	131,593	-	-	131,593	89,606
Depreciation	-	4,190	-	4,190	5,874
Dues and subscriptions	3,188	-	-	3,188	2,664
Equipment rental and supplies	9,689	1,077	-	10,766	7,761
Insurance	-	7,673	-	7,673	6,532
Postage and delivery	68,170	2,292	3,090	73,552	66,654
Printing	74,787	22,660	-	97,447	91,943
Professional expense	11,017	23,729	-	34,746	35,424
Public relations	20,057	-	13,090	33,147	62,895
Rent and utilities	82,652	16,375	4,664	103,691	47,626
Supplies and other	5,430	44,906	476	50,812	32,785
Telephone	4,559	690	1,194	6,443	6,365
Travel and meetings	120,927	4,062	-	124,989	313,914
	<u>\$2,042,459</u>	<u>\$185,340</u>	<u>\$75,749</u>	<u>\$2,303,548</u>	<u>\$1,831,881</u>

The accompanying notes are an integral part of these statements.

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

GBS | CIDP Foundation International, Inc. (the "Organization") was incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation. The Organization improves the quality of life for individuals and families affected by Guillain-Barre Syndrome, CIDP, and variants. It provides patient support, research sponsorship, and lay and professional educational programs worldwide. The Organization receives the majority of its support from individual, corporate, and foundation contributions.

Basis of Presentation

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31 of the prior year, from which the summarized information was derived.

The Organization follows FASB ASC 958, *Not-for-Profit Entities*, in recording contributions received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (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 activities as net assets released from restrictions. There were no permanently restricted net assets.

Management regularly evaluates the collectability of promises to give based on historical experience, economic conditions and information available on specific accounts. No allowance for uncollectible receivables was considered necessary at December 31, 2017 and 2016.

Investments

Investments consist of domestic corporate bonds, mutual funds, and money market funds that are carried at fair value (See Note 3).

Equipment and Depreciation

Equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Functional Allocation of Expenses

The costs of providing the various programs and other 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.



**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a publicly supported charitable organization and is registered as required with the Pennsylvania Bureau of Charitable Organizations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through March 13, 2018, which is the date the financial statements were available to be issued.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

**(2) CONCENTRATION OF CREDIT RISK**

Two donors accounted for 63% of total support in 2017. Two donors accounted for 56% of total support in 2016.

During the year the Organization may have deposits with major financial institutions that exceed Federal Deposit Insurance Corporation limits.

**(3) FAIR VALUE MEASUREMENTS**

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. The Organization applies the provisions of Topic 820 to all its assets and liabilities that are being measured and reported on a fair value basis. The standard requires that each asset and liability carried at fair value be classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

**(3) FAIR VALUE MEASUREMENTS – Continued**

The following table sets forth the Organization’s financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2017 and 2016:

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Domestic corporate bonds	\$ -	\$ 1,332,927	\$ -	\$ 1,332,927
Mutual funds				
Domestic large cap	2,681,697	-	-	2,681,697
Domestic mid cap	1,095,842	-	-	1,095,842
Domestic small cap	376,151	-	-	376,151
Domestic fixed income	743,110	-	-	743,110
International developed countries	1,127,146	-	-	1,127,146
Total mutual funds	6,023,946	-	-	6,023,946
Money market funds	285,284	-	-	285,284
Total assets at fair value	\$ 6,309,230	\$ 1,332,927	\$ -	\$ 7,642,157

	Assets at Fair Value as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
Domestic corporate bonds	\$ -	\$ 1,124,441	\$ -	\$ 1,124,441
Mutual funds				
Domestic large cap	2,650,234	-	-	2,650,234
Domestic mid cap	1,023,646	-	-	1,023,646
Domestic small cap	414,013	-	-	414,013
Domestic fixed income	596,096	-	-	596,096
International developed countries	810,005	-	-	810,005
Total mutual funds	5,493,994	-	-	5,493,994
Money market funds	310,308	-	-	310,308
Total assets at fair value	\$ 5,804,302	\$ 1,124,441	\$ -	\$ 6,928,743

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017.

*Domestic corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issues with similar credit ratings. When quoted are prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**(3) FAIR VALUE MEASUREMENTS – Continued**

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Money market funds:* Comprised of accounts which seek to maintain a stable price of \$1.00 per share. The money market funds held by the Organization are deemed to be actively traded.

The net realized and unrealized gain on investments for the years ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Appreciation of investments in current year	\$645,735	\$506,552
Net realized gain(loss) on sale of securities	<u>16,858</u>	<u>(40,936)</u>
	<u>\$662,593</u>	<u>\$465,616</u>

Investment income for the years ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$156,785	\$171,742
Net realized and unrealized gain on investments	<u>662,593</u>	<u>465,616</u>
	<u>\$819,378</u>	<u>\$637,358</u>

**(4) GRANTS PAYABLE**

Grants payable represents all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statement of financial position date. Grants are due as follows for the fiscal years ending December 31:

2018	\$323,940
2019	178,498
2020	<u>109,223</u>
	<u>\$611,661</u>

**(5) BOARD DESIGNATED NET ASSETS**

The board has designated funds for future fellowships to fund professional training in peripheral inflammatory neuropathy. The funds are held in a separate investment account. The balance as of December 31, 2017 and 2016 was \$1,654,169, and \$1,621,556, respectively.

**GBS | CIDP FOUNDATION INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(6) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Research	\$284,408	\$599,202
Program activities	191,299	238,359
Special events	-	75,000
	\$475,707	\$912,561

**(7) LEASES**

The Organization leases its facilities under an operating lease expiring October 25, 2024 with renewal options allowing the Organization to extend the term for two additional five year periods.

Rent expense for the year ended December 31, 2017 and 2016 was \$95,680 and 47,626, respectively. The following is a schedule, by year, of future minimum rental payments required under operating leases with a noncancelable lease term in excess of one year:

2018	\$ 89,418
2019	90,535
2020	90,633
2021	92,259
2022	93,407
Thereafter	164,853
	\$621,105