

**GBS | CIDP FOUNDATION
INTERNATIONAL**

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT)

YEARS ENDED DECEMBER 31, 2018 AND 2017



Independent Auditor's Report

Board of Directors
GBS | CIDP Foundation International
Conshohocken, Pennsylvania

We have audited the accompanying financial statements of GBS | CIDP Foundation International, which comprise the statement of financial position as of December 31, 2018, 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 audit. 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 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 as of December 31, 2018, 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

We have previously audited GBS | CIDP Foundation International's 2017 financial statements, and we expressed an unmodified audit opinion on those audited statements in our reported dated March 13, 2018. In our opinion, the summarized comparative information presented for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Isdaner + Company LLC

March 21, 2019

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 576,567	\$ 425,350
Operating investments	3,742,060	3,684,096
Prepaid expenses	<u>3,855</u>	<u>3,855</u>
Total current assets	4,322,482	4,113,301
Investments	3,408,402	3,958,061
Furniture and equipment, net of accumulated depreciation of \$56,913 and \$46,269 in 2018 and 2017, respectively	39,300	49,626
Deposits	<u>14,226</u>	<u>14,226</u>
Total assets	<u><u>\$7,784,410</u></u>	<u><u>\$8,135,214</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 65,504	\$ 93,575
Grants payable, current portion	<u>290,998</u>	<u>323,940</u>
Total current liabilities	356,502	417,515
Grants payable, net of current portion	<u>109,223</u>	<u>287,721</u>
Total liabilities	<u>465,725</u>	<u>705,236</u>
Net assets:		
Without donor restrictions		
Undesignated	5,248,045	5,300,102
Board designated - fellowship	<u>1,462,573</u>	<u>1,654,169</u>
	6,710,618	6,954,271
With donor restrictions		
Purpose restrictions	<u>608,067</u>	<u>475,707</u>
Total net assets	<u>7,318,685</u>	<u>7,429,978</u>
Total liabilities and net assets	<u><u>\$7,784,410</u></u>	<u><u>\$8,135,214</u></u>

The accompanying notes are an integral part of these statements.

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$1,100,302	\$610,000	\$1,710,302	\$1,305,433
Special events, net of expenses of \$43,549 and \$33,417 in 2018 and 2017, respectively	439,653	-	439,653	360,200
	<u>1,539,955</u>	<u>610,000</u>	<u>2,149,955</u>	<u>1,665,633</u>
Net assets released from restrictions	477,640	(477,640)	-	-
Total support and revenue	<u>2,017,595</u>	<u>132,360</u>	<u>2,149,955</u>	<u>1,665,633</u>
Expenses:				
Program	1,651,604	-	1,651,604	2,042,459
Management and general	147,142	-	147,142	185,340
Fundraising	68,986	-	68,986	75,749
	<u>1,867,732</u>	<u>-</u>	<u>1,867,732</u>	<u>2,303,548</u>
Net investment income	(393,516)	-	(393,516)	819,378
Change in net assets	(243,653)	132,360	(111,293)	181,463
Net assets at beginning of year	<u>6,954,271</u>	<u>475,707</u>	<u>7,429,978</u>	<u>7,248,515</u>
Net assets at end of year	<u><u>\$6,710,618</u></u>	<u><u>\$608,067</u></u>	<u><u>\$7,318,685</u></u>	<u><u>\$7,429,978</u></u>

The accompanying notes are an integral part of these statements.

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	(\$111,293)	\$181,463
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,644	4,190
Net realized and unrealized (gain) loss on investments	566,755	(662,593)
Changes in assets and liabilities:		
Unconditional promises to give	-	110,000
Prepaid expenses	-	(31)
Deposits	-	(14,088)
Accounts payable and accrued expenses	(28,071)	64,826
Grants payable	(211,440)	361,661
	<u>226,595</u>	<u>45,428</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of furniture and equipment	(318)	(37,707)
Purchase of investments	(1,156,742)	(2,762,388)
Proceeds from sale of investments	1,081,682	2,711,567
	<u>(75,378)</u>	<u>(88,528)</u>
Net cash used in investing activities		
Net increase (decrease) in cash	151,217	(43,100)
Cash at beginning of year	<u>425,350</u>	<u>468,450</u>
Cash at end of year	<u>\$576,567</u>	<u>\$425,350</u>

The accompanying notes are an integral part of these statements.

GBS | CIDP FOUNDATION INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR 2017

	<u>2018</u>			<u>2017</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 507,966	\$ 60,389	\$38,519	\$ 606,874
Payroll taxes and employee benefits	<u>98,702</u>	<u>11,734</u>	<u>7,485</u>	<u>117,921</u>
Total salaries and related expenses	606,668	72,123	46,004	681,185
Research grants	266,800	-	-	266,800
Board expense	18,944	2,105	-	21,049
Chapter expenses	25,357	-	-	25,357
Contracted service	107,602	-	-	107,602
Depreciation	-	10,644	-	10,644
Dues and subscriptions	129	-	-	129
Equipment rental and supplies	6,811	757	-	7,568
Insurance	-	10,519	-	10,519
Postage and delivery	32,224	1,386	1,864	35,474
Printing	70,277	6,003	-	76,280
Professional expense	31,360	3,857	-	35,217
Public relations	13,909	-	14,535	28,444
Rent and utilities	59,922	13,126	4,038	77,086
Supplies and other	18,276	24,534	459	43,269
Telephone	5,076	593	1,351	7,020
Travel and meetings	<u>388,249</u>	<u>1,495</u>	<u>735</u>	<u>390,479</u>
	<u>\$1,651,604</u>	<u>\$147,142</u>	<u>\$68,986</u>	<u>\$1,867,732</u>
				<u>\$2,303,548</u>

The accompanying notes are an integral part of these statements.

GBS I CIDP FOUNDATION INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GBS I CIDP Foundation International (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.

Net assets, revenues, gains, and losses are classified based on the existence or 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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and for fellowship grants.

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. The Organization did not have any net assets to be held in perpetuity as of December 31, 2018 and 2017.

Investments

Investments consist of domestic corporate bonds, mutual funds, and money market funds that are carried at fair value (See Note 4).

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, unconditional promises to give, or notifications of a beneficial interest is received. Conditional promises to give are not recognized until conditions on which they depend have been substantially met.

Equipment and Depreciation

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

GBS | CIDP FOUNDATION INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack on consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

ASU 2016-14 requires certain changes to Topic 958 including, but not limited to the following:

- Only two classes of net assets are reported in the statement of financial position including net assets with donor restrictions and net assets without donor restrictions.
- Investment return is reported net of investment expenses on the statement of activities.
- Nonprofit organizations are required to provide more information about liquidity of its financial assets and how the availability of the financial assets is limited by donor-imposed restrictions, legal restrictions and governing board designations.

Subsequent Events

Management has evaluated subsequent events through March 21, 2019, which is the date the financial statements were available to be issued.

GBS | CIDP FOUNDATION INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(2) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 576,567
Operating investments	<u>3,742,060</u>
	<u>\$4,318,627</u>

As part of our liquidity management plan, the Organization has a goal to maintain financial assets, which consist of cash and investments, on hand to meet normal operating expenses.

(3) CONCENTRATION OF CREDIT RISK

Two donors accounted for 57% and 63% of total support in 2018 and 2017, respectively.

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

(4) 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.

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, 2018 and 2017:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Domestic corporate bonds	\$ -	\$1,996,881	\$ -	\$1,996,881
Mutual funds				
Domestic large cap	2,354,060	-	-	2,354,060
Domestic mid cap	927,188	-	-	927,188
Domestic small cap	314,136	-	-	314,136
International developed countries	928,831	-	-	928,831
Total mutual funds	<u>4,524,215</u>	<u>-</u>	<u>-</u>	<u>4,524,215</u>
Money market funds	629,366	-	-	629,366
Total assets at fair value	<u>\$5,153,581</u>	<u>\$1,996,881</u>	<u>\$ -</u>	<u>\$7,150,462</u>

GBS | CIDP FOUNDATION INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(4) FAIR VALUE MEASUREMENTS – Continued

	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	<u>\$6,309,230</u>	<u>\$1,332,927</u>	<u>\$ -</u>	<u>\$7,642,157</u>

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, 2018.

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.

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, 2018 and 2017 is as follows:

	2018	2017
Appreciation (depreciation) of investments in current year	(\$666,851)	\$645,735
Net realized gain on sale of securities	100,096	16,858
	<u>(\$566,755)</u>	<u>\$662,593</u>

GBS | CIDP FOUNDATION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(4) FAIR VALUE MEASUREMENTS – Continued

Net investment income for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Interest and dividends	\$173,239	\$156,785
Net realized and unrealized gain(loss) on investments	(566,755)	662,593
	(\$393,516)	\$819,378

Investment management fees of \$46,073 and \$42,694 for the years ended December 31, 2018 and 2017, respectively, have been deducted from investment income in arriving at net investment income.

(5) 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:

2019	\$290,998
2020	109,223
	\$400,221

(6) BOARD DESIGNATED NET ASSETS - FELLOWSHIP

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 of the board designated funds as of December 31, 2018 and 2017 was \$1,462,573, and \$1,654,169, respectively.

(7) NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following specific purposes:

	2018	2017
Research	\$532,968	\$284,408
Program activities	75,099	191,299
	\$608,067	\$475,707

(8) 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.

GBS | CIDP FOUNDATION INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(8) LEASES - Continued

Rent expense for the year ended December 31, 2018 and 2017 was \$80,383 and 95,680, 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:

2019	\$ 90,535
2020	90,633
2021	92,259
2022	93,407
2023	93,602
Thereafter	<u>71,251</u>
	<u>\$531,687</u>