

**THE PULMONARY HYPERTENSION ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**THE PULMONARY HYPERTENSION  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

**CONTENTS**

	PAGE
Report of Independent Auditors	1
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses for 2014	5
Statement of Functional Expenses for 2013	6
Statements of Cash Flows	7
Notes to Financial Statements	8



## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
The Pulmonary Hypertension Association, Inc.

We have audited the accompanying financial statements of The Pulmonary Hypertension Association, Inc. (the Association), which comprise the statements of financial position as of December 31, 2014 and 2013, and 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 of 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 the 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 Pulmonary Hypertension Association, Inc. as of December 31, 2014 and 2013 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.

*Calibre CPA Group, PLLC*

Bethesda, MD  
September 29, 2015

**THE PULMONARY HYPERTENSION ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2014 AND 2013

ASSETS	2014	2013
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,557,332	\$ 4,585,354
Contributions receivable	924,378	1,517,000
Prepaid expenses	128,033	92,109
Total current assets	5,609,743	6,194,463
RESTRICTED CASH	140,615	140,615
INVESTMENTS - at fair value	6,368,565	5,710,022
ENDOWED INVESTMENTS AND ACCUMULATED EARNINGS - at fair value	5,138,914	4,539,216
EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET OF ACCUMULATED DEPRECIATION	25,978	10,316
OTHER ASSETS	51,410	57,603
Total assets	<u>\$ 17,335,225</u>	<u>\$ 16,652,235</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 82,919	\$ 96,928
Accrued expenses	303,731	57,666
Grants payable - current portion	238,250	341,250
Total current liabilities	624,900	495,844
GRANTS PAYABLE - NON CURRENT PORTION	606,250	473,220
DEFERRED RENT	154,900	153,717
Total liabilities	<u>1,386,050</u>	<u>1,122,781</u>
<b>NET ASSETS</b>		
Unrestricted		
Available for operations	5,660,095	5,224,110
Designated for contingencies	250,000	250,000
Designated for equipment and leasehold improvements	25,978	10,316
Total unrestricted	5,936,073	5,484,426
Temporarily restricted	8,137,627	8,169,553
Permanently restricted	1,875,475	1,875,475
Total net assets	<u>15,949,175</u>	<u>15,529,454</u>
Total liabilities and net assets	<u>\$ 17,335,225</u>	<u>\$ 16,652,235</u>

See accompanying notes to financial statements.

THE PULMONARY HYPERTENSION ASSOCIATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Contributions	\$ 4,311,491	\$ 109,545	\$ -	\$ 4,421,036	\$ 4,763,038	\$ 3,145,874	\$ -	\$ 7,908,912
Contributions - research	-	3,895,526	-	3,895,526	-	845,222	-	845,222
In-kind donations	1,540	-	-	1,540	14,762	68,075	-	82,837
Conference	260,123	-	-	260,123	66,625	-	-	66,625
Grants	62,100	-	-	62,100	84,692	-	-	84,692
Membership dues	255,046	-	-	255,046	257,184	-	-	257,184
Merchandise sales	41,239	-	-	41,239	52,477	-	-	52,477
Investment income	750,586	313,952	-	1,064,538	579,919	510,896	-	1,090,815
Other	119,735	-	-	119,735	76	-	-	76
Releases from restrictions	4,350,949	(4,350,949)	-	-	2,352,532	(2,352,532)	-	-
Total revenue and support	10,152,809	(31,926)	-	10,120,883	8,171,305	2,217,535	-	10,388,840
EXPENSES								
Program services	7,392,138	-	-	7,392,138	6,768,488	-	-	6,768,488
Management and general	856,446	-	-	856,446	739,597	-	-	739,597
Fund raising	1,452,578	-	-	1,452,578	477,806	-	-	477,806
Total expenses	9,701,162	-	-	9,701,162	7,985,891	-	-	7,985,891
CHANGE IN NET ASSETS	451,647	(31,926)	-	419,721	185,414	2,217,535	-	2,402,949
NET ASSETS								
Beginning of year	5,484,426	8,169,553	1,875,475	15,529,454	5,299,012	5,952,018	1,875,475	13,126,505
End of year	\$ 5,936,073	\$ 8,137,627	\$ 1,875,475	\$ 15,949,175	\$ 5,484,426	\$ 8,169,553	\$ 1,875,475	\$ 15,529,454

See accompanying notes to financial statements.

**THE PULMONARY HYPERTENSION ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 1,838,650	\$ 265,206	\$ 761,592	\$ 2,865,448
Employee related expenses	351,665	63,891	141,957	557,513
Advertising and marketing	98,642	-	340	98,982
Bank and credit card fees	26,504	104,488	-	130,992
Conference meals, lodging and travel	769,281	25,640	3,571	798,492
Copying and printing	465,349	511	4,654	470,514
Depreciation	-	14,889	-	14,889
Dues	1,436	6,179	1,240	8,855
Equipment	-	9,666	-	9,666
Insurance	-	26,052	-	26,052
Lobbying	50,714	-	-	50,714
Miscellaneous	97,606	13,771	1,806	113,183
Office rent	206,228	106,114	71,879	384,221
Postage	100,376	20,710	16,004	137,090
Professional fees	2,287,263	95,609	8,240	2,391,112
Repairs and maintenance	-	5,925	-	5,925
Research grants and expenses	315,632	-	-	315,632
Special events	443,220	-	271,048	714,268
Supplies	20,844	14,041	11,341	46,226
Telephone	-	30,638	-	30,638
Training	-	13,621	-	13,621
Travel	235,710	32,596	135,459	403,765
Web site fees	83,018	6,899	23,447	113,364
Totals	<u>\$ 7,392,138</u>	<u>\$ 856,446</u>	<u>\$ 1,452,578</u>	<u>\$ 9,701,162</u>

See accompanying notes to financial statements.

**THE PULMONARY HYPERTENSION ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2013

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 2,021,410	\$ 294,426	\$ 319,706	\$ 2,635,542
Employee related expenses	390,712	61,974	61,795	514,481
Advertising and marketing	33,921	-	-	33,921
Bank and credit card fees	-	148,158	-	148,158
Conference meals, lodging and travel	324,872	23,770	-	348,642
Copying and printing	407,109	1,139	1,237	409,485
Depreciation	-	13,109	-	13,109
Dues	4,469	6,898	707	12,074
Equipment	4,303	626	681	5,610
Insurance	-	11,482	-	11,482
Lobbying	45,814	-	-	45,814
Miscellaneous	124,765	-	-	124,765
Office rent	281,400	40,986	44,506	366,892
Postage	81,253	11,605	12,601	105,459
Professional fees	1,440,453	86,026	636	1,527,115
Repairs and maintenance	2,828	412	447	3,687
Research grants and expenses	639,653	-	-	639,653
Special events	683,809	-	-	683,809
Supplies	25,697	3,743	4,064	33,504
Telephone	19,883	2,896	3,145	25,924
Training	6,301	6,301	-	12,602
Travel	146,782	20,893	22,687	190,362
Web site fees	83,054	5,153	5,594	93,801
Totals	<u>\$ 6,768,488</u>	<u>\$ 739,597</u>	<u>\$ 477,806</u>	<u>\$ 7,985,891</u>

See accompanying notes to financial statements.



**THE PULMONARY HYPERTENSION ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 419,721	\$ 2,402,949
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	14,889	13,109
Realized and unrealized gain on investments	(746,075)	(770,037)
Decrease (increase) in operating assets		
Contributions and other receivables	592,622	(1,092,046)
Prepaid expenses	(35,924)	56,171
Restricted cash	-	(23,247)
Other assets	6,193	5,614
Increase (decrease) in operating liabilities		
Accounts payable	(14,009)	(228,537)
Accrued expenses	246,065	-
Deferred rent	1,183	9,848
Grant payable	30,030	8,220
Net cash provided by operating activities	<u>514,695</u>	<u>382,044</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment and leasehold improvements	(30,551)	(9,219)
Proceeds from sale of investments	12,771,373	2,961,601
Purchase of investments	<u>(13,283,539)</u>	<u>(3,118,929)</u>
Net cash used for investing activities	<u>(542,717)</u>	<u>(166,547)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(28,022)	215,497
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>4,585,354</u>	<u>4,369,857</u>
End of year	<u>\$ 4,557,332</u>	<u>\$ 4,585,354</u>

See accompanying notes to financial statements.

**THE PULMONARY HYPERTENSION  
ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2014 AND 2013

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

The Pulmonary Hypertension Association, Inc. (the Association), a Florida nonprofit organization, provides fellowship and educational support to pulmonary hypertension patients, their families, physicians, researchers and the public at large.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation** - The Association is required under U.S. generally accepted accounting principles 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.

**Basis of Accounting** - The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all receivables, payables, and other assets and liabilities.

**Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recognition of Donor Restrictions** - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Income of restricted funds is recognized under guidance provided by the Accounting Standards Codification (ASC), as disclosed in Note 6.

**Cash and Cash Equivalents** - The Association considers all cash balances and highly liquid investments and certificates of deposit with an original maturity of three months or less to be cash equivalents.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Cash** - The Association considers cash balances held in investment portfolio accounts under permanently restricted endowments as restricted cash.

**Contributions and Grants Receivable** - All promises receivable are due within one year, and all amounts are considered fully collectible. Consequently, no provision for uncollectible promises has been made.

**Membership Income** - Membership income is recognized as income in the period received.

**Investments** - Investments with readily determinable fair values are stated at their fair values in the statements of financial position. Other investments are carried at estimated fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income earned on temporarily and permanently restricted contributions is used for unrestricted programs of the Association, as indicated by the donors and approved by the Association's Board.

The Association reports under a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes investments valued at quoted prices adjusted for legal or contractual restrictions specific to the security.

Level 3 - Pricing inputs are unobservable for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Level 3 includes private portfolio investments that are supported by little or no market activity.

All of the Association's investments are measured at fair value using Level 1 inputs.

**Equipment and Leasehold Improvements** - Equipment and leasehold improvements are stated at cost except for donated equipment which is recorded at fair market value at the date of gift. Depreciation is provided over the estimated useful lives of the assets on a straight line basis.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Goods, Services and Facilities** - Donated goods and space are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

**Functional Allocation of Expenses** - The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**Income Taxes** - The Association accounts for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Association performed an evaluation of uncertain tax positions for the year ended December 31, 2014, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status.

**NOTE 3. INCOME TAX STATUS**

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to income taxes except for income from its unrelated business activities. There is no provision for income taxes as the Association had no unrelated business income for the year ended December 31, 2014. In accordance with U.S. generally accepted accounting principles, the Association has evaluated their tax position for the year ended December 31, 2014 and has determined that they qualify as a tax-exempt organization. As of December 31, 2014, the statute of limitations for tax years 2011 through 2013 remains open with Internal Revenue Service.

**NOTE 4. INVESTMENTS**

Investments and endowed investments at December 31 are summarized as follows:

	2014	2013
Money market funds	\$ 11,420,277	\$ -
Corporate and government bonds	-	5,879,215
Common stock	-	3,890,923
Mutual funds	<u>87,202</u>	<u>479,100</u>
Total	<u>\$ 11,507,479</u>	<u>\$ 10,249,238</u>

Investment income is reported in the statement of activities as follows:

	2014	2013
Realized gain on investments	\$ 2,088,090	\$ 367,732
Interest and dividend income	318,463	320,778
Unrealized gain on investments	<u>(1,342,015)</u>	<u>402,305</u>
Total	<u>\$ 1,064,538</u>	<u>\$ 1,090,815</u>

**NOTE 5. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

	2014	2013
Equipment	\$ 219,892	\$ 189,341
Leasehold improvements	<u>23,539</u>	<u>23,539</u>
	243,431	212,880
Less: accumulated depreciation	<u>(217,453)</u>	<u>(202,564)</u>
Total	<u>\$ 25,978</u>	<u>\$ 10,316</u>

**NOTE 6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

The Association's investment funds consist of various individual funds established for a variety of purposes. The Association's funds include both donor-restricted amounts as well as amounts for operating purposes. As required under generally accepted accounting principles, net assets associated with the investment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## **NOTE 6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

The Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of a donor-restricted fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) unrealized appreciation or depreciation in the value of the permanently restricted investments however the value of the investments shall not fall below the value of the original contribution. The remaining portion of donor-restricted funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulated donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

### Permanent Restrictions

The Association has received several contributions which must be invested in perpetuity, but for which the related earnings thereon are available to fund annual expenses.

In March of 2006, the Association entered into an agreement to establish the Barbara L. Smith Endowment Fund to provide scholarships for patients and caregivers to attend the Association's conferences and meetings. In February 2007, the Association entered into an agreement to establish the Oracle Endowment Fund to provide one Mentored Clinical Scientist Development Award. In March 2007, the Association entered into an agreement to establish the United Therapeutics Endowment Fund to provide financial support for the PHA Support Group Leadership Institute.

### Temporary Restrictions

The Association has also received numerous gifts whose use is restricted to the funding of scholarships and research. In most cases, earnings on the related investments are similarly restricted.

**NOTE 6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that UPMIFA requires the Association to retain as a fund of perpetual duration. As of the years ended December 31, 2014 and 2013, the funds had a surplus that resulted from investment income.

Investment Income Allocation

Earnings on long-term investments in marketable securities, including all interest, dividends, realized and unrealized gains and losses are allocated among the Association's restricted funds on a pro-rata basis.

As of December 31, 2014, balances in the Association's restricted funds, by net asset class, are as follows:

<u>Fund</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Research Fund	\$ -	\$ 4,031,101	\$ 4,031,101
J. Hendry Scholarship Fund	-	12,066	12,066
Dukart Fund	-	27,682	27,682
Scholarships	-	177,436	177,436
Mason Hoffman Fund	-	49,410	49,410
B. Smith Endowment	64,632	33,518	98,150
Oracle Endowment	874,611	266,352	1,140,963
United Therapeutics Endowment	936,232	653,055	1,589,287
Time restricted	-	2,887,007	2,887,007
	<u>\$ 1,875,475</u>	<u>\$ 8,137,627</u>	<u>\$ 10,013,102</u>

As of December 31, 2013, balances in the Association's restricted funds, by net asset class, are as follows:

<u>Fund</u>	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Research Fund	\$ -	\$ 3,515,669	\$ 3,515,669
J. Hendry Scholarship Fund	-	12,066	12,066
Dukart Fund	-	27,682	27,682
Scholarships	-	168,893	168,893
Mason Hoffman Fund	-	49,410	49,410
B. Smith Endowment	64,632	29,946	94,578
Oracle Endowment	874,611	524,807	1,399,418
United Therapeutics Endowment	936,232	546,080	1,482,312
Time restricted	-	3,295,000	3,295,000
	<u>\$ 1,875,475</u>	<u>\$ 8,169,553</u>	<u>\$ 10,045,028</u>

**NOTE 6. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

	B. Smith Endowment	Oracle Endowment	United Therapeutics Endowment	Total
Balance, December 31, 2012	\$ 64,632	\$ 874,611	\$ 936,232	\$ 1,875,475
2013 Investment income	9,340	244,897	-	254,237
Transfer to temporarily restricted net assets	<u>(9,340)</u>	<u>(244,897)</u>	<u>-</u>	<u>(254,237)</u>
Balance, December 31, 2013	64,632	874,611	936,232	1,875,475
2014 Investment income	3,572	140,933	169,417	313,922
Transfer to temporarily restricted net assets	<u>(3,572)</u>	<u>(140,933)</u>	<u>(169,417)</u>	<u>(313,922)</u>
Balance, December 31, 2014	<u>\$ 64,632</u>	<u>\$ 874,611</u>	<u>\$ 936,232</u>	<u>\$ 1,875,475</u>

**NOTE 7. OPERATING LEASE**

As of May 1, 2010, the Association entered into a 10 year operating lease for office space. Future minimum payments under the operating lease are as follows:

Year Ended December 31,	
2015	\$ 306,947
2016	316,187
2017	325,658
2018	335,426
2019	345,473
Thereafter	<u>145,407</u>
	<u>\$ 1,775,098</u>

Rent expense for the years ended December 31, 2014 and 2013 was \$384,221 and \$366,892, respectively.



**NOTE 8. GRANTS PAYABLE**

The Association has made the following unconditional promises to give for research grants as of December 31, 2014 and 2013:

	2014	2013
Payable in less than one year	\$ 238,250	\$ 341,250
Payable in one to five years	<u>606,250</u>	<u>473,220</u>
Total	<u>\$ 844,500</u>	<u>\$ 814,470</u>

**NOTE 9. CONCENTRATION OF CASH**

The Association maintains its cash at a financial institution which at times may exceed the federally insured limits per the Federal Deposit Insurance Corporation (FDIC). The Association had cash balances on deposit with several banks at December 31, 2014 and 2013 that exceeded the balances insured by the FDIC by approximately \$1,020,793 and \$790,000, respectively. The Association has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

**NOTE 10. SPECIAL EVENTS**

Revenue from special events is included in contributions on the statement of activities. Expenses from special events are specified on the statements of functional expenses. Special event activity is as follows:

	2014	2013
Revenue	\$ 1,499,763	\$ 1,833,886
Expenses	<u>714,268</u>	<u>683,809</u>
Total	<u>\$ 785,495</u>	<u>\$ 1,150,077</u>

**NOTE 11. CONFERENCE AND SYMPOSIUM**

The Association holds its Conference during even numbered years and its semi-annual Symposium during odd numbered years. Conference years typically earn greater revenues than non-Conference years.

**NOTE 12. PLEDGES RECEIVABLE**

During the year ended December 31, 2013, the Association experienced a significant increase in pledges receivable resulting in a balance of \$1,517,000. Those pledges receivable were recorded as revenue during 2013 as opposed to 2014 when the cash was received.

**NOTE 13. SUBSEQUENT EVENTS**

The Association's management has evaluated events subsequent through September 29, 2015, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an additional adjustment to or disclosure in the accompanying financial statements.