

IMMUNE DEFICIENCY FOUNDATION

AUDITED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION AND REPORTS
REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE UNIFORM GUIDANCE

YEARS ENDED DECEMBER 31, 2019 AND 2018

IMMUNE DEFICIENCY FOUNDATION

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Independent Auditors' Report

Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of Immune Deficiency Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Independent Auditors' Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immune Deficiency Foundation as of December 31, 2019 and 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020, on our consideration of Immune Deficiency Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Immune Deficiency Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Immune Deficiency Foundation's internal control over financial reporting and compliance.

Weylich, Cronin & Serra, LLC

Hunt Valley, Maryland
September 21, 2020

IMMUNE DEFICIENCY FOUNDATION

Statements of Financial Position
December 31, 2019 and 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 760,444	\$ 566,049
Investments		
Board directed	3,795,076	3,193,068
Other	924,484	651,265
Accounts receivable	539,616	291,105
Prepaid expenses and other assets	219,057	145,840
	<u>6,238,677</u>	<u>4,847,327</u>
LONG-TERM ASSETS:		
Investments		
Board designated endowment	4,962,050	4,140,560
Property and equipment, net	182,162	204,010
	<u>5,144,212</u>	<u>4,344,570</u>
TOTAL ASSETS	<u>\$ 11,382,889</u>	<u>\$ 9,191,897</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 728,204	\$ 452,964
Current portion of capital leases	14,033	11,878
	<u>742,237</u>	<u>464,842</u>
LONG-TERM LIABILITIES:		
Long-term portion of capital leases	37,202	51,385
	<u>779,439</u>	<u>516,227</u>
NET ASSETS:		
Without donor restrictions:		
Operating	1,212,636	755,471
Board designated	8,849,543	7,427,120
	<u>10,062,179</u>	<u>8,182,591</u>
With donor restrictions	541,271	493,079
	<u>10,603,450</u>	<u>8,675,670</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,382,889</u>	<u>\$ 9,191,897</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Contributions and grants	\$ 6,086,368	\$ 248,548	\$ 6,334,916
Net assets released from restrictions	200,356	(200,356)	- 0 -
Total public support	<u>6,286,724</u>	<u>48,192</u>	<u>6,334,916</u>
Government grants and other contract revenue	<u>1,928,911</u>	<u>- 0 -</u>	<u>1,928,911</u>
Revenue:			
Investment income, net	1,398,590	- 0 -	1,398,590
Other income	37,061	- 0 -	37,061
Special events	829,914	- 0 -	829,914
Total revenue	<u>2,265,565</u>	<u>- 0 -</u>	<u>2,265,565</u>
Total Public Support and Revenue	<u>10,481,200</u>	<u>48,192</u>	<u>10,529,392</u>
EXPENSES:			
Program services:			
Medical and scientific	1,402,117	- 0 -	1,402,117
Services to patients and families	5,550,548	- 0 -	5,550,548
	<u>6,952,665</u>	<u>- 0 -</u>	<u>6,952,665</u>
Supporting services:			
Administration and finance	718,401	- 0 -	718,401
Marketing and fundraising	930,546	- 0 -	930,546
	<u>1,648,947</u>	<u>- 0 -</u>	<u>1,648,947</u>
Total Expenses	<u>8,601,612</u>	<u>- 0 -</u>	<u>8,601,612</u>
CHANGE IN NET ASSETS	1,879,588	48,192	1,927,780
NET ASSETS, BEGINNING OF YEAR	<u>8,182,591</u>	<u>493,079</u>	<u>8,675,670</u>
NET ASSETS, END OF YEAR	<u>\$ 10,062,179</u>	<u>\$ 541,271</u>	<u>\$ 10,603,450</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Activities and Changes in Net Assets For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support:			
Contributions and grants	\$ 3,922,224	\$ 672,570	\$ 4,594,794
Net assets released from restrictions	1,305,959	(1,305,959)	- 0 -
Total public support	<u>5,228,183</u>	<u>(633,389)</u>	<u>4,594,794</u>
Government grants and other contract revenue	<u>1,164,435</u>	<u>- 0 -</u>	<u>1,164,435</u>
Revenue:			
Investment loss, net	(340,481)	- 0 -	(340,481)
Other income	1,320	- 0 -	1,320
Special events	544,376	- 0 -	544,376
Total revenue	<u>205,215</u>	<u>- 0 -</u>	<u>205,215</u>
Total Public Support and Revenue	<u>6,597,833</u>	<u>(633,389)</u>	<u>5,964,444</u>
EXPENSES:			
Program services:			
Medical and scientific	1,754,479	- 0 -	1,754,479
Services to patients and families	3,680,338	- 0 -	3,680,338
	<u>5,434,817</u>	<u>- 0 -</u>	<u>5,434,817</u>
Supporting services:			
Administration and finance	644,241	- 0 -	644,241
Marketing and fundraising	784,702	- 0 -	784,702
	<u>1,428,943</u>	<u>- 0 -</u>	<u>1,428,943</u>
Total Expenses	<u>6,863,760</u>	<u>- 0 -</u>	<u>6,863,760</u>
CHANGE IN NET ASSETS	(265,927)	(633,389)	(899,316)
NET ASSETS, BEGINNING OF YEAR	<u>8,448,518</u>	<u>1,126,468</u>	<u>9,574,986</u>
NET ASSETS, END OF YEAR	<u>\$ 8,182,591</u>	<u>\$ 493,079</u>	<u>\$ 8,675,670</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2019

	PROGRAM SERVICES			SUPPORTING SERVICES			Grand Total
	Medical and Scientific	Services to Patients and Families	Total	Administration and Finance	Marketing and Fundraising	Total	
Salaries	\$ 452,241	\$ 1,482,859	\$ 1,935,100	\$ 346,569	\$ 418,477	\$ 765,046	\$ 2,700,146
Employee benefits	73,533	258,221	331,754	74,447	71,280	145,727	477,481
Payroll taxes, etc.	34,823	116,107	150,930	24,879	33,514	58,393	209,323
	560,597	1,857,187	2,417,784	445,895	523,271	969,166	3,386,950
Professional fees	466,405	1,549,751	2,016,156	174,207	50,686	224,893	2,241,049
Training, conference, conventions, & meetings	53,589	1,326,996	1,380,585	1,612	150,993	152,605	1,533,190
Travel	27,072	138,746	165,818	2,656	22,833	25,489	191,307
Awards and grants	177,596	41,295	218,891	- 0 -	- 0 -	- 0 -	218,891
Occupancy	42,832	173,949	216,781	34,458	23,885	58,343	275,124
Insurance	10,091	19,050	29,141	4,202	3,512	7,714	36,855
Printing and publications	4,256	137,970	142,226	1,076	25,782	26,858	169,084
Telephone	7,872	25,756	33,628	5,603	4,766	10,369	43,997
Postage and shipping	10,540	109,531	120,071	4,159	59,589	63,748	183,819
Supplies	10,024	56,273	66,297	10,653	13,497	24,150	90,447
Rental and maintenance of equipment	5,765	45,041	50,806	5,882	3,215	9,097	59,903
Miscellaneous	780	- 0 -	780	9,419	10,646	20,065	20,845
Advertising	1,581	16,682	18,263	- 0 -	29,401	29,401	47,664
Dues and subscriptions	13,825	14,583	28,408	10,255	3,288	13,543	41,951
	1,392,825	5,512,810	6,905,635	710,077	925,364	1,635,441	8,541,076
Depreciation and amortization	9,292	37,738	47,030	8,324	5,182	13,506	60,536
	<u>\$ 1,402,117</u>	<u>\$ 5,550,548</u>	<u>\$ 6,952,665</u>	<u>\$ 718,401</u>	<u>\$ 930,546</u>	<u>\$ 1,648,947</u>	<u>\$ 8,601,612</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			Grand Total
	Medical and Scientific	Services to Patients and Families	Total	Administration and Finance	Marketing and Fundraising	Total	
Salaries	\$ 599,773	\$ 1,350,432	\$ 1,950,205	\$ 351,256	\$ 310,355	\$ 661,611	\$ 2,611,816
Employee benefits	73,911	151,457	225,368	54,049	37,549	91,598	316,966
Payroll taxes, etc.	48,528	107,025	155,553	26,832	25,683	52,515	208,068
	<u>722,212</u>	<u>1,608,914</u>	<u>2,331,126</u>	<u>432,137</u>	<u>373,587</u>	<u>805,724</u>	<u>3,136,850</u>
Professional fees	560,503	885,205	1,445,708	123,573	64,599	188,172	1,633,880
Training, conference, conventions, & meetings	51,463	588,666	640,129	66	184,572	184,638	824,767
Travel	46,318	108,153	154,471	2,338	17,389	19,727	174,198
Awards and grants	215,437	17,850	233,287	- 0 -	- 0 -	- 0 -	233,287
Occupancy	35,935	179,537	215,472	33,510	26,593	60,103	275,575
Insurance	9,041	16,467	25,508	4,360	3,459	7,819	33,327
Printing and publications	19,467	41,212	60,679	827	21,691	22,518	83,197
Telephone	8,258	27,533	35,791	5,029	3,771	8,800	44,591
Postage and shipping	36,057	81,899	117,956	3,276	25,092	28,368	146,324
Supplies	10,593	40,452	51,045	6,073	6,760	12,833	63,878
Rental and maintenance of equipment	4,011	33,876	37,887	9,892	2,960	12,852	50,739
Miscellaneous	12,010	- 0 -	12,010	10,721	6,485	17,206	29,216
Advertising	536	5,659	6,195	- 0 -	16,745	16,745	22,940
Dues and subscriptions	10,790	19,271	30,061	6,608	26,372	32,980	63,041
	<u>1,742,631</u>	<u>3,654,694</u>	<u>5,397,325</u>	<u>638,410</u>	<u>780,075</u>	<u>1,418,485</u>	<u>6,815,810</u>
Depreciation and amortization	<u>11,848</u>	<u>25,644</u>	<u>37,492</u>	<u>5,831</u>	<u>4,627</u>	<u>10,458</u>	<u>47,950</u>
	<u>\$ 1,754,479</u>	<u>\$ 3,680,338</u>	<u>\$ 5,434,817</u>	<u>\$ 644,241</u>	<u>\$ 784,702</u>	<u>\$ 1,428,943</u>	<u>\$ 6,863,760</u>

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,927,780	\$ (899,316)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	60,536	47,950
Realized and unrealized (gain) loss on investments	(1,138,988)	595,379
Changes in assets and liabilities:		
(Increase) decrease in current assets:		
Accounts receivable	(248,511)	170,780
Prepaid expenses and other assets	(73,217)	47,669
Increase in current liabilities:		
Accounts payable and accrued expenses	275,240	6,113
Net cash provided by (used in) operating activities	802,840	(31,425)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(38,687)	(38,050)
Proceeds from sales of investments	5,275,790	7,976,467
Purchase of investments	(5,833,520)	(7,642,731)
Net cash provided by (used in) investing activities	(596,417)	295,686
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital leases	(12,028)	(10,309)
Net cash used in financing activities	(12,028)	(10,309)
NET INCREASE IN CASH	194,395	253,952
CASH AT BEGINNING OF YEAR	566,049	312,097
CASH AT END OF YEAR	\$ 760,444	\$ 566,049
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 8,985	\$ 10,704

See accompanying notes to financial statements

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies

Nature of Operations - Immune Deficiency Foundation ("Foundation") is a Maryland tax exempt corporation dedicated to improving the diagnosis, treatment and quality of life of persons with primary immunodeficiency diseases through advocacy, education and research. The Foundation gathers, coordinates and disseminates information and conducts educational campaigns in order to increase family and public awareness concerning the diseases. The Foundation also engages in fundraising activities in support of its goals, primarily by seeking grants to further its efforts. The Foundation's principal sources of support and revenues are from government grants and contracts, foundation grants, and individual and corporate donations and contributions.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures at the date of the financial statements and certain reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of Accounting - The accompanying financial statements are presented in accordance with the accrual basis of accounting and, accordingly, reflect receivables, other assets, payables, and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Financial Statement Presentation - The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Trustees for general operating purposes. The Board of Trustees may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

- **Operating** – Represents resources available for support of operations.
- **Board Designated** – The Foundation has designated certain amounts to function as endowment funds. Accordingly, those funds, together with accumulated earnings thereon, are to be spent only for purposes approved by the Foundation's Board. Additionally, the Foundation's Board of Trustees has designated certain amounts to be used for specific operational purposes approved by the Foundation's Board.

Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition - Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The National Institutes of Health (NIH) and Health Resources and Services Administration (HRSA) have both awarded the Foundation grants. The NIH grant is to assist investigations in primary immune deficiency diseases through March 2021. The HRSA grant is for severe combined immunodeficiency screening and education through July 2021. For both of these grants the Foundation submits expenses for reimbursement and recognizes revenue and expenses on the accrual basis of accounting.

Cash and Cash Equivalents - The Foundation considers cash and all highly liquid investments with a maturity of three months or less to be cash equivalents. Certificates of deposit and money market funds held for investment purposes are excluded from this classification.

Investments - The Foundation invests in a professionally managed portfolio that contains money market funds, certificates of deposit, mutual funds, and other investments which are recorded at fair value.

Accounts Receivable - Accounts receivable are carried at original invoice less an estimate made for doubtful receivables based on a review of all outstanding amounts. Unbilled receivables are expenses incurred and revenues earned for particular grants and contracts that have not yet been billed. Unbilled receivables of approximately \$154,000 and \$160,000 are included in accounts receivable in the statement of financial position as of December 31, 2019 and 2018, respectively. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management believes that accounts receivable are fully collectible and no allowance is considered necessary as of December 31, 2019 and 2018.

Property and Equipment - Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment with an original cost or fair value greater than \$5,000 and a useful life greater than one year are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Depreciation is provided using the straight-line method over the estimated useful life of the assets, which range from three to ten years.

Valuation of Long-Lived Assets - Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No impairments have been recognized as of December 31, 2019 and 2018. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Income Taxes - The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) as an organization, other than a private foundation, as described in Section 509(a). The Foundation is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before 2016.

Donated Services - The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts relating to donated services have been recognized in the statements of activities and changes in net assets as contributions because the criteria for recognition have not been satisfied. Contributed professional services are recognized if the services received a) create or enhance long-lived assets, or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses - Expenses are presented by both function and natural classification in the statement of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Advertising Costs - The Foundation expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place. Advertising expense was \$47,664 and \$22,940 for the years ended December 31, 2019 and 2018.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

1. Organization and Summary of Significant Accounting Policies (continued)

Change in Accounting Principle - Change in Accounting Principle - In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances the comparability of financial information among not-for-profit entities. The change in accounting principle was adopted retrospectively in 2019. For the year ended December 31, 2018, no reclassifications or other adjustments were necessary in adopting this new standard. As a result, there was no cumulative-effect adjustment to opening net assets with or without donor restrictions as of January 1, 2019.

2. Investments

Cost and fair value of investments at December 31, 2019 are as follows:

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	\$ 721,964	\$ - 0 -	\$ - 0 -	\$ 721,964
Certificates of deposit	984,947	127,602	- 0 -	1,112,549
Hedge funds	13,512	- 0 -	(594)	12,918
Mutual funds:				
Equity funds	4,248,697	520,196	- 0 -	4,768,893
Fixed income funds	3,029,192	36,094	- 0 -	3,065,286
Totals	\$ 8,998,312	\$ 683,892	\$ (594)	\$ 9,681,610

Cost and fair value of investments at December 31, 2018 are as follows:

	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash and cash equivalents	\$ 486,440	\$ - 0 -	\$ - 0 -	\$ 486,440
Certificates of deposit	851,756	77,770	(44)	929,482
Hedge funds	478,650	- 0 -	(29,602)	449,048
Mutual funds:				
Equity funds	4,274,430	- 0 -	(402,273)	3,872,157
Fixed income funds	2,308,720	- 0 -	(60,954)	2,247,766
Totals	\$ 8,399,996	\$ 77,770	\$ (492,873)	\$ 7,984,893

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

2. Investments (continued)

The Foundation's investment portfolio is reported on the statements of financial position at December 31:

	2019	2018
Investments board directed	\$ 3,795,076	\$ 3,193,068
Investments other	924,484	651,265
Investments board designated endowment	4,962,050	4,140,560
Total investments	\$ 9,681,610	\$ 7,984,893

The following summarizes investment income, net for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividends	\$ 305,361	\$ 277,925
Fees	(45,759)	(23,027)
Net realized gains		
on sales of investments	40,902	453,169
Net unrealized gains (losses)		
on investments held	1,098,086	(1,048,548)
Total investment income (loss)	\$ 1,398,590	\$ (340,481)

3. Fair Value of Investments

Fair values consisted of the following at December 31:

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Unrealized Gains (Loss)
Cash and cash equivalents	\$ 721,964	\$ 721,964	\$ - 0 -	\$ - 0 -
Certificates of deposit	1,112,549	1,112,549	- 0 -	127,602
Hedge funds	12,918	- 0 -	12,918	(594)
Mutual funds				
Equity	4,768,893	4,768,893	- 0 -	520,196
Fixed income	3,065,286	3,065,286	- 0 -	36,094
	\$ 9,681,610	\$ 9,668,692	\$ 12,918	\$ 683,298

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

3. Fair Value of Investments (continued)

	2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Unrealized Gains (Loss)
Cash and cash equivalents	\$ 486,440	\$ 486,440	\$ - 0 -	\$ - 0 -
Certificates of Deposit	929,482	929,482	- 0 -	77,726
Hedge funds	449,048	- 0 -	449,048	(29,602)
Mutual funds				
Equity	3,872,157	3,872,157	- 0 -	(402,273)
Fixed income	2,247,766	2,247,766	- 0 -	(60,954)
	<u>\$ 7,984,893</u>	<u>\$ 7,049,405</u>	<u>\$ 449,048</u>	<u>\$ (415,103)</u>

The fair value measurement standards establish a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets; and Level 3 inputs have the lowest priority. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used when no Level 1 inputs are available.

The Foundation's policy is to recognize transfers between levels in the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2018, there were no significant transfers into or out of Level 2 or 3. However, significant investments held in hedge funds were liquidated during 2019 and reinvested in Level 1 investments.

The Foundation's investments are reported at fair value in the accompanying financial statements. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain instruments could result in a different fair value measurement at the reporting date. Consequently, the hedge funds, valued at \$12,918 and \$449,048 as of December 31, 2019 and 2018 are not actively traded and is reported at fair value, based upon estimated fair market value obtained from the issuer of the investment. There were no changes in valuation techniques used in fair value measurements for the years ended December 31, 2019 and 2018.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

4. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 296,049	\$ 296,049
Furniture and fixtures	206,560	206,560
Software and website	<u>61,141</u>	<u>22,454</u>
	563,750	525,063
Less: accumulated depreciation and amortization	<u>(381,588)</u>	<u>(321,053)</u>
Total	<u>\$ 182,162</u>	<u>\$ 204,010</u>

5. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, donor imposed restrictions, or board designations within one year of the statement of financial position date:

	<u>2019</u>	<u>2018</u>
Financial assets at year end	\$ 10,981,670	\$ 8,842,047
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose or time restrictions	541,271	439,079
Board designated assets	<u>8,849,543</u>	<u>7,427,120</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,590,856</u>	<u>\$ 975,848</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically money market funds. To help management meet unanticipated liquidity needs, the Foundation has a committed line of credit of \$1,000,000, which it could draw upon (see Note 13). Additionally, the Foundation has Board Designated net assets without donor restrictions that, while the Foundation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

6. Lease Commitments

On November 5, 2014, the Foundation signed a lease for office space. The lease commenced in December 2014 and is for a term of seven years and nine months, set to expire in September 2022. The base rent for the office space is \$238,989 with an escalated rent payment of 2.75% beginning the first day of each subsequent lease year. Additionally, the lease agreement stipulates a reduction in lease payments, equal to the amount of a prior office space lease, until the prior office space lease expired on September 30, 2015. Deferred rent of \$49,867 and \$53,776 as of December 31, 2019 and 2018, respectively reflects the cumulative difference between the straight-line calculation and the rent charged under the terms of the lease. Deferred rent is included in accounts payable and accrued expenses in the statement of financial position. In January of 2015, the Foundation signed a lease for storage space at a rate of \$5,184 for a term of seven years and nine months, set to expire in September 2022. On March 10, 2017, the Foundation signed a 3 year lease expiring in February 2020 for additional storage space at a rate of \$8,547 a year.

Rent expense was \$275,124 and \$275,575 for the years ended December 31, 2019 and 2018, respectively.

Total minimum annual rental commitments for all leases through the expiration of the leases are as follows:

Year ending December 31,	2020	\$	281,156
	2021		287,335
	2022		<u>221,427</u>
Present value of net minimum lease payments		\$	<u>789,918</u>

7. Operating Lease Commitments for Equipment

The Foundation is obligated under an operating lease for a postage machine. The cost of the lease obligation at December 31, 2019 consists of an operating lease payable in quarterly installments of \$3,225 through September 2022, collateralized by the related office equipment.

Annual equipment lease expense and maintenance contract expense (see Note 8) totaled \$28,592 and \$28,547 for the years ended December 31, 2019 and 2018, respectively.

Total minimum annual lease payments through the expiration of the lease are as follows:

Year ending December 31,	2020	\$	12,900
	2021		12,900
	2022		<u>9,675</u>
Present value of net minimum lease payments		\$	<u>35,475</u>

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

8. Capital Leases

The Foundation is obligated under a capital lease for printers with a term of 63 months. The cost of the lease obligation at December 31, 2019 consists of a capital lease and maintenance agreement, payable in monthly installments of \$2,764, collateralized by the related office equipment. The balance of the capital lease is \$51,235 at December 31, 2019. This balance includes a current portion of \$14,033 for the year ended December 31, 2019.

Future minimum lease payments are as follows:

Year ending December 31,					
	2020		\$		33,173
	2021				33,173
	2022				33,173
	2023				<u>2,764</u>
Total minimum lease payments					102,283
Less: amount representing maintenance contract					(37,493)
Less: amount representing interest					<u>(13,555)</u>
Present value of net minimum lease payments			\$		<u>51,235</u>

The following is a schedule of the carrying value of equipment under the capital leases:

Cost					
			\$		75,141
Less: accumulated depreciation					<u>(31,323)</u>
Net carrying value			\$		<u>43,818</u>

The value of the equipment and related accumulated depreciation are included in property and equipment on the statement of financial position as of December 31, 2019 and 2018. Annual depreciation expense totaled \$13,832 and \$13,913 for the years ended December 31, 2019 and 2018, respectively.

9. Board Designated Net Assets

The board has designated net assets without donor restrictions for the following projects at December 31:

		<u>2019</u>		<u>2018</u>	
Board designated endowment	\$	4,962,050	\$	4,140,560	
Board directed		3,220,090		2,759,464	
Board directed research investment		574,986		433,604	
PIRC designated		<u>92,417</u>		<u>93,492</u>	
Total board designated net assets	\$	<u>8,849,543</u>	\$	<u>7,427,120</u>	

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Advocacy	\$ 40,000	\$ 70,000
CGD Initiative	779	- 0 -
CGD Research Project	74,614	- 0 -
CGD Website	10,000	- 0 -
Core Services	25,000	- 0 -
CVID Initiative	73,897	40,700
David Salamone Fund	11,675	11,375
E Personal Health Record	20,000	- 0 -
Education and Mentoring	- 0 -	3,118
Life Stages Initiative	275	275
National Conference	- 0 -	7,500
National Patron Sponsorship	36,000	- 0 -
Patient and Family Handbook	159,591	231,077
Regional Conference Sponsorship	10,000	- 0 -
SCID Initiative	260	- 0 -
Survey Research	- 0 -	24,165
Transformational Therapy	3,945	5,000
USIDNET	34,567	39,502
Volunteer Outreach	- 0 -	4,097
Walk for Primary Immunodeficiency	31,750	- 0 -
Website	5,000	- 0 -
XLA Initiative	<u>3,918</u>	<u>2,270</u>
 Net assets with purpose restrictions	 <u>541,271</u>	 <u>439,079</u>
Time restriction:		
General support - future periods	<u>- 0 -</u>	<u>54,000</u>
 Total donor-restricted net assets	 <u>\$ 541,271</u>	 <u>\$ 493,079</u>

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

10. Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows during the years ended December 31:

	2019	2018
Advocacy	\$ 30,000	\$ - 0 -
Core Services	- 0 -	310,562
E Personal Health Record	- 0 -	100,000
Education and Mentoring	3,118	41,882
Fundraising Walks	- 0 -	80,000
General Support - future periods	54,000	- 0 -
IDF Friends	- 0 -	25,000
National Conference	7,500	- 0 -
Nurse Advisory Committee	- 0 -	45,000
Patient and Family Handbook	71,486	13,373
Patient Programs	- 0 -	28,372
Public Policy	- 0 -	100,870
Reel Stories	- 0 -	1,200
Retreats	- 0 -	130,000
Sponsorship	- 0 -	51,500
Survey Research	24,165	150,471
Teen Program	- 0 -	90,000
Transformational Therapy	1,055	- 0 -
USIDNET	4,935	5,148
Volunteer Outreach	4,097	92,581
Young Adult Program	- 0 -	40,000
	\$ 200,356	\$ 1,305,959
Total donor restrictions accomplished		

11. Endowment Funds

During 2011, the Board of Trustees passed a resolution to create a board designated endowment. The board designated endowment balance was \$4,962,050 and \$4,140,560 as of December 31, 2019 and 2018, respectively.

As required by generally accepted accounting principles, net assets associated with the endowment fund designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. Therefore, the Foundation's board designated endowment fund is classified as part of net assets without donor restrictions.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

11. Endowment Funds (continued)

Return objective and risk parameters: The board designated endowment fund seeks to achieve long term capital growth while avoiding excessive risk and achieving preservation of purchasing power. The investment return goal is to generate returns in excess of the rate of inflation over the investment horizon.

Spending policy: Distributions for the board designated endowment may be made at the discretion of the Board. Since the establishment of the endowment, no funds have been appropriated for expenditure. Determination of a spending criteria will be established at a future date.

Changes in board designated endowment net assets for the years ended December 31, 2019 and 2018, are as follows:

	2019	2018
	Without Donor Restrictions Board Designated	Without Donor Restrictions Board Designated
Endowment net assets, beginning of year	\$ 4,140,560	\$ 4,412,670
Contributions	- 0 -	- 0 -
Amounts appropriated for expenditure	- 0 -	- 0 -
Investment return, net	821,490	(272,110)
Endowment net assets, end of year	\$ 4,962,050	\$ 4,140,560

12. Retirement Program

The Foundation is the sponsor of the Immune Deficiency Foundation 401(k) Plan for all full time employees older than age 21 having completed more than one year of services. One year of service is defined as at least 1,000 hours of service. The Foundation contributions comply with the Safe Harbor Rules. Under these rules the Foundation matches 100% of the first 3% an employee contributes and 50% of the next 2% the employee contributes to the Plan. The Foundation's contributions were \$76,347 and \$81,463 for the years ended December 31, 2019 and 2018, respectively.

13. Line of Credit

On October 6, 2014 the Foundation obtained a line of credit from J.P. Morgan Chase Bank for \$1,000,000, which was originally set to expire on September 28, 2015. The line of credit was renewed until October 31, 2020. The line bears interest at the index which is the LIBOR rate plus 1.9% (indexed rate). The line was secured by substantially all of the Foundation's assets. As of December 31, 2019, the Foundation had no outstanding balance on the line of credit and \$1,000,000 was available.

IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements
December 31, 2019 and 2018

14. Concentrations of Credit Risk

The Foundation has deposits in financial institutions, which, at times, may exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation (FDIC and SIPC) insured limits. The Foundation has not experienced any losses in such accounts and continually reviews credit concentrations as part of its asset and liability management.

15. Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Foundation for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liability that may arise from such audits since the amounts, if any, cannot be determined at this date. Management expects such amounts, if any, will not be significant.

16. Effects of Current Economic Conditions and Contributions

The Foundation depends heavily on contributions and grants for its revenue. The ability of certain of the Foundation's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Foundation. While the Foundation's Board of Trustees believe the Foundation has the resources to continue programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

17. Risk and Uncertainties

The Foundation may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

18. Subsequent Events

In March 2020, significant mitigation efforts began taking effect in the United States in an attempt to curtail the spread of the coronavirus (COVID-19) pandemic. Such efforts have included travel restrictions, business closures, and event cancellations. Capital markets have seen significant volatility in the wake of the pandemic and significant economic disruptions may continue to occur. The Foundation is currently monitoring the situation; however, it cannot reasonably estimate the related financial impact and duration of the situation at this time. The Foundation believes they have sufficient cash and investment reserves to sustain operations and to continue operating in the event of continued disruption. The Foundation intends to monitor the situation on an ongoing basis and to continue efforts to reduce its impact on their operations and financial resources.

In May 2020, the Foundation applied for and received a \$531,049 loan under the Payroll Protection Program. The loan is for a term of two years and bears interest at a fixed rate of 1% per annum. Payments on this loan are deferred for a period of six months. This loan qualifies for forgiveness after twenty-four weeks, if all criteria for forgiveness are satisfied.

Management has evaluated subsequent events through September 21, 2020, the date which the financial statements were available to be issued.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Immune Deficiency Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Immune Deficiency Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Immune Deficiency Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Immune Deficiency Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards (Continued)*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Immune Deficiency Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wujich, Cronin & Sorra, LLC

Hunt Valley, Maryland
September 21, 2020

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control
Over Compliance Required by The Uniform Guidance

Board of Trustees
Immune Deficiency Foundation
Towson, Maryland

Report on Compliance for Each Major Federal Program

We have audited Immune Deficiency Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Immune Deficiency Foundation's major federal programs for the year ended December 31, 2019. Immune Deficiency Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

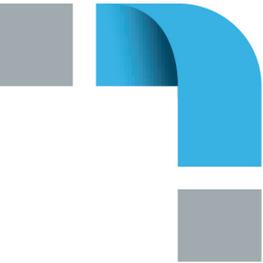
Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Immune Deficiency Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Immune Deficiency Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Immune Deficiency Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Immune Deficiency Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.



Independent Auditors' Report on Compliance For Each Major Program and on Internal Control
Over Compliance Required by The Uniform Guidance (Continued)

Report on Internal Control Over Compliance

Management of Immune Deficiency Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Immune Deficiency Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Immune Deficiency Foundation 's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weylich, Cronin & Serra, LLC

Hunt Valley, Maryland
September 21, 2020

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

IMMUNE DEFICIENCY FOUNDATION

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipient</u>	<u>Total Federal Expenditures</u>
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
National Institutes of Health				
<u>Research and Development Cluster:</u>				
Allergy, Immunology and Transplantation Research				
Resources to Assist Investigations in Primary				
Immunodeficiency Diseases	93.855	5U24AI086037	\$ 222,243	\$ 560,567
Total Research and Development Cluster				560,567
Health Resource and Services Administration				
Maternal and Child Health Federal				
Consolidated Programs	93.110	SC1MC31881	764,215	1,337,910
Total US Department of Health and Human Services				986,458
Total Expenditures of Federal Awards			\$ 986,458	\$ 1,898,477

See accompanying notes to schedule of expenditures of federal awards

IMMUNE DEFICIENCY FOUNDATION

Notes to Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Immune Deficiency Foundation under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Immune Deficiency Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Immune Deficiency Foundation.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Immune Deficiency Foundation has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

IMMUNE DEFICIENCY FOUNDATION

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None

IMMUNE DEFICIENCY FOUNDATION

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

1. Summary of Auditors' Results

- (i) The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Immune Deficiency Foundation were prepared in accordance with accounting principles generally accepted in the United States of America.
- (ii) No material weaknesses or significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements of the Immune Deficiency Foundation.
- (iii) No instances of noncompliance material to the financial statements of the Immune Deficiency Foundation, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- (iv) No material weaknesses or significant deficiencies were disclosed during the audit of internal control over the major federal award program.
- (v) The independent auditors' report on compliance for the major federal award program for the Immune Deficiency Foundation expresses an unmodified opinion on the major federal award program.
- (vi) There were no findings and questioned costs for federal awards which would include audit findings as defined in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
- (vii) The following program was tested as the major federal award program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.110	Maternal and Child Health Federal Consolidated Programs
- (viii) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- (ix) The Immune Deficiency Foundation does not qualify as a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None