

**IMMUNE DEFICIENCY FOUNDATION**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

# 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, 2015 and 2014, 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. 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, 2015 and 2014, 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.

Weyrich, Cronin + Sorra, Chtd.

July 27, 2016  
Lutherville, MD

**IMMUNE DEFICIENCY FOUNDATION**

Statements of Financial Position  
December 31, 2015 and 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 451,277	\$ 729,418
Investments		
Board directed	1,849,884	1,062,530
Other	1,465,846	2,170,819
Accounts receivable	384,623	408,274
Prepaid expenses and other assets	135,288	133,069
	<u>4,286,918</u>	<u>4,504,110</u>
<b>LONG-TERM ASSETS:</b>		
Investments		
Board designated endowment	4,103,384	4,191,307
Property and equipment, net	221,080	219,272
	<u>4,324,464</u>	<u>4,410,579</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,611,382</u>	<u>\$ 8,914,689</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 413,555	\$ 353,731
Current portion of capital leases	5,626	5,156
	<u>419,181</u>	<u>358,887</u>
<b>LONG-TERM LIABILITIES:</b>		
Long-term portion of capital leases	14,606	20,232
	<u>433,787</u>	<u>379,119</u>
<b>NET ASSETS:</b>		
Unrestricted:		
Operating	694,613	1,370,188
Board designated	6,061,766	5,382,811
	<u>6,756,379</u>	<u>6,752,999</u>
Temporarily restricted	1,421,216	1,735,533
Permanently restricted	- 0 -	47,038
	<u>8,177,595</u>	<u>8,535,570</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,611,382</u>	<u>\$ 8,914,689</u>

See accompanying notes to financial statements

**IMMUNE DEFICIENCY FOUNDATION AND SUBSIDIARY**

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Public support:				
Contributions and grants	\$ 5,128,863	\$ 1,361,816	\$ 12,000	\$ 6,502,679
Net assets released from restrictions	<u>1,676,133</u>	<u>(1,676,133)</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total public support	<u>6,804,996</u>	<u>(314,317)</u>	<u>12,000</u>	<u>6,502,679</u>
Government grants and other contract revenue	<u>1,069,752</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,069,752</u>
Revenue:				
Investment income (loss)	(97,606)	- 0 -	(513)	(98,119)
Other income	205	- 0 -	- 0 -	205
Special events	<u>727,187</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>727,187</u>
Total revenue	<u>629,786</u>	<u>- 0 -</u>	<u>(513)</u>	<u>629,273</u>
Total Public Support and Revenue	<u>8,504,534</u>	<u>(314,317)</u>	<u>11,487</u>	<u>8,201,704</u>
<b>EXPENSES:</b>				
Program services:				
Medical and scientific	1,821,949	- 0 -	- 0 -	1,821,949
Services to patients and families	<u>5,126,792</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>5,126,792</u>
	<u>6,948,741</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>6,948,741</u>
Supporting services:				
Administration and finance	803,799	- 0 -	- 0 -	803,799
Marketing and fundraising	<u>726,820</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>726,820</u>
	<u>1,530,619</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,530,619</u>
Total Expenses	<u>8,479,360</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>8,479,360</u>
<b>OTHER:</b>				
Transfer of unrestricted and permanently restricted funds	<u>21,794</u>	<u>- 0 -</u>	<u>58,525</u>	<u>80,319</u>
Total Expenses and Other	<u>8,501,154</u>	<u>- 0 -</u>	<u>58,525</u>	<u>8,559,679</u>
<b>CHANGE IN NET ASSETS</b>	3,380	(314,317)	(47,038)	(357,975)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,752,999</u>	<u>1,735,533</u>	<u>47,038</u>	<u>8,535,570</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,756,379</u>	<u>\$ 1,421,216</u>	<u>\$ - 0 -</u>	<u>\$ 8,177,595</u>

See accompanying notes to financial statements

**IMMUNE DEFICIENCY FOUNDATION AND SUBSIDIARY**

Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE:</b>				
Public support:				
Contributions and grants	\$ 3,672,747	\$ 1,618,009	\$ 4,183	\$ 5,294,939
Net assets released from restrictions	<u>1,412,781</u>	<u>(1,412,781)</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total public support	<u>5,085,528</u>	<u>205,228</u>	<u>4,183</u>	<u>5,294,939</u>
Government grants and other contract revenue	<u>1,246,185</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,246,185</u>
Revenue:				
Investment income	175,450	- 0 -	1,443	176,893
Other income	- 0 -	- 0 -	- 0 -	- 0 -
Special events	<u>512,206</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>512,206</u>
Total revenue	<u>687,656</u>	<u>- 0 -</u>	<u>1,443</u>	<u>689,099</u>
Total Public Support and Revenue	<u>7,019,369</u>	<u>205,228</u>	<u>5,626</u>	<u>7,230,223</u>
<b>EXPENSES:</b>				
Program services:				
Medical and scientific	1,793,055	- 0 -	- 0 -	1,793,055
Services to patients and families	<u>3,390,462</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>3,390,462</u>
	<u>5,183,517</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>5,183,517</u>
Supporting services:				
Administration and finance	668,537	- 0 -	- 0 -	668,537
Marketing and fundraising	<u>444,629</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>444,629</u>
	<u>1,113,166</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>1,113,166</u>
Total Expenses	<u>6,296,683</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>6,296,683</u>
CHANGE IN NET ASSETS	722,686	205,228	5,626	933,540
NET ASSETS, BEGINNING OF YEAR	<u>6,030,313</u>	<u>1,530,305</u>	<u>41,412</u>	<u>7,602,030</u>
NET ASSETS, END OF YEAR	<u>\$ 6,752,999</u>	<u>\$ 1,735,533</u>	<u>\$ 47,038</u>	<u>\$ 8,535,570</u>

See accompanying notes to financial statements

**IMMUNE DEFICIENCY FOUNDATION**

Statement of Functional Expenses  
For the Year Ended December 31, 2015

	PROGRAM SERVICES			SUPPORTING SERVICES			Grand Total
	Medical and Scientific	Services to Patients and Families	Total	Administration and Finance	Marketing and Fundraising	Total	
Salaries	\$ 493,727	\$ 1,410,058	\$ 1,903,785	\$ 297,162	\$ 238,419	\$ 535,581	\$ 2,439,366
Employee benefits	48,694	128,955	177,649	51,892	26,885	78,777	256,426
Payroll taxes, etc.	40,740	114,028	154,768	25,140	21,431	46,571	201,339
	583,161	1,653,041	2,236,202	374,194	286,735	660,929	2,897,131
Professional fees	813,565	1,167,839	1,981,404	192,995	77,246	270,241	2,251,645
Training, conference, conventions, & meetings	81,772	1,352,500	1,434,272	5,576	129,370	134,946	1,569,218
Travel	64,129	255,832	319,961	7,059	38,979	46,038	365,999
Awards and grants	64,412	33,000	97,412	- 0 -	- 0 -	- 0 -	97,412
Occupancy	45,337	192,942	238,279	55,027	24,400	79,427	317,706
Insurance	4,174	15,214	19,388	3,739	1,924	5,663	25,051
Printing and publications	89,814	145,407	235,221	8,285	16,145	24,430	259,651
Telephone	8,225	30,979	39,204	17,034	5,516	22,550	61,754
Postage and shipping	21,611	106,775	128,386	7,578	30,333	37,911	166,297
Supplies	9,660	54,476	64,136	87,022	16,314	103,336	167,472
Rental and maintenance of equipment	12,800	37,513	50,313	29,848	12,023	41,871	92,184
Miscellaneous	3,000	- 0 -	3,000	2,020	10,079	12,099	15,099
Advertising	5,932	32,122	38,054	185	47,988	48,173	86,227
Dues and subscriptions	7,519	20,051	27,570	4,938	26,088	31,026	58,596
	1,815,111	5,097,691	6,912,802	795,500	723,140	1,518,640	8,431,442
Depreciation and amortization	6,838	29,101	35,939	8,299	3,680	11,979	47,918
	\$ 1,821,949	\$ 5,126,792	\$ 6,948,741	\$ 803,799	\$ 726,820	\$ 1,530,619	\$ 8,479,360

See accompanying notes to financial statements



**IMMUNE DEFICIENCY FOUNDATION**

Statement of Functional Expenses  
For the Year Ended December 31, 2014

	PROGRAM SERVICES			SUPPORTING SERVICES			Grand Total
	Medical and Scientific	Services to Patients and Families	Total	Administration and Finance	Marketing and Fundraising	Total	
Salaries	\$ 446,907	\$ 1,161,964	\$ 1,608,871	\$ 271,544	\$ 177,871	\$ 449,415	\$ 2,058,286
Employee benefits	35,200	119,661	154,861	48,697	19,900	68,597	223,458
Payroll taxes, etc.	38,980	95,621	134,601	17,789	15,229	33,018	167,619
	521,087	1,377,246	1,898,333	338,030	213,000	551,030	2,449,363
Professional fees	929,598	749,142	1,678,740	148,660	66,608	215,268	1,894,008
Training, conference, conventions, & meetings	74,869	583,658	658,527	6,268	57,523	63,791	722,318
Travel	73,090	209,117	282,207	6,154	22,296	28,450	310,657
Awards and grants	75,500	39,000	114,500	- 0 -	- 0 -	- 0 -	114,500
Occupancy	31,196	118,056	149,252	38,773	14,022	52,795	202,047
Insurance	2,492	9,432	11,924	2,167	2,052	4,219	16,143
Printing and publications	9,527	69,070	78,597	8,726	15,472	24,198	102,795
Telephone	8,690	26,846	35,536	13,566	3,941	17,507	53,043
Postage and shipping	32,275	78,167	110,442	3,817	17,556	21,373	131,815
Supplies	7,392	20,116	27,508	53,096	11,044	64,140	91,648
Rental and maintenance of equipment	10,491	39,703	50,194	13,039	4,716	17,755	67,949
Miscellaneous	38	98	136	16,588	5,704	22,292	22,428
Advertising	- 0 -	18,686	18,686	- 0 -	- 0 -	- 0 -	18,686
Dues and subscriptions	5,475	9,231	14,706	5,565	5,600	11,165	25,871
	1,781,720	3,347,568	5,129,288	654,449	439,534	1,093,983	6,223,271
Depreciation and amortization	11,335	42,894	54,229	14,088	5,095	19,183	73,412
	\$ 1,793,055	\$ 3,390,462	\$ 5,183,517	\$ 668,537	\$ 444,629	\$ 1,113,166	\$ 6,296,683

See accompanying notes to financial statements

**IMMUNE DEFICIENCY FOUNDATION**

Statements of Cash Flows  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (357,975)	\$ 933,540
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	47,918	73,412
Realized and unrealized (gain) loss on investments	189,045	(96,740)
Changes in assets and liabilities:		
(Increase) decrease in current assets:		
Accounts receivable	23,651	(296,345)
Prepaid expenses and other assets	(2,219)	(45,124)
Increase in current liabilities:		
Accounts payable and accrued expenses	59,824	108,114
Net cash provided by (used in) operating activities	<u>(39,756)</u>	<u>676,857</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(49,726)	(158,959)
Proceeds from sales of investments	2,732,262	6,498,527
Purchase of investments	<u>(2,915,765)</u>	<u>(6,997,975)</u>
Net cash used in investing activities	<u>(233,229)</u>	<u>(658,407)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital leases	<u>(5,156)</u>	<u>(1,414)</u>
Net cash used in financing activities	<u>(5,156)</u>	<u>(1,414)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(278,141)</b>	<b>17,036</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u><b>729,418</b></u>	<u><b>712,382</b></u>
<b>CASH AT END OF YEAR</b>	<u><u><b>\$ 451,277</b></u></u>	<u><u><b>\$ 729,418</b></u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for interest	\$ 2,020	\$ 1,479

See accompanying notes to financial statements

# IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements  
December 31, 2015 and 2014

## 1. Organization and Summary of Significant Accounting Policies

Nature of Operations - Immune Deficiency Foundation ("Foundation") is a 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 financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect receivables, payables, and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

Basis of Presentation - Contributions received or made are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

Unrestricted: accounts for net assets without donor imposed restrictions that are available for the support of the Foundation. Unrestricted net assets are composed of the following:

- 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 has designated certain amounts to be used for specific operational purposes approved by the Foundation's Board.

Temporarily restricted: accounts for net assets that have donor imposed restrictions that require the Foundation to expend the donated assets as specified, and is satisfied either by the passage of time or by actions of the Foundation. When the donor restriction expires, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as "net assets released from restrictions." Any temporarily restricted resource that is received and used during the same current year is considered an unrestricted resource and is reported as unrestricted net assets.

# IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements  
December 31, 2015 and 2014

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

### Basis of Presentation (continued)-

Permanently restricted: accounts for net assets that have donor imposed restrictions that permit the Foundation to expend the income earned from the gifts. However, the Foundation cannot expend the original principal. The income earned from the gifts can only be expended for scholarships in accordance with the endowment agreement.

Revenue Recognition - The Foundation recognizes all public support and revenue in the period received as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions.

During 2010, National Institutes of Health (NIH) awarded the Foundation a grant to assist investigations in primary immune deficiency diseases for the period of April 1, 2010, through March 31, 2015. The NIH grant was extended to March 31, 2020 during 2015. The Foundation submits expenses to NIH 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 \$96,000 and \$163,000 are included in accounts receivable in the statement of financial position as of December 31, 2015 and 2014, 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, 2015 and 2014.

Property and Equipment - Property and equipment are stated at cost. Donated property and equipment is recorded at fair value at the date of receipt. 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. Depreciation is provided using the straight-line method over the estimated useful life of the assets, which range from three to ten years.

## IMMUNE DEFICIENCY FOUNDATION

Notes to Financial Statements  
December 31, 2015 and 2014

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

**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, 2015 and 2014. 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 2012.

**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** - The costs of providing the various programs and services have been summarized on a functional basis in the statements of activities and changes in net assets, and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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 \$86,227 and \$18,686 for the years ended December 31, 2015 and 2014.

**IMMUNE DEFICIENCY FOUNDATION**

Notes to Financial Statements  
December 31, 2015 and 2014

2. Investments

Cost and fair value of investments at December 31, 2015 are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Cash and Cash				
Equivalents	\$ 275,919	\$ - 0 -	\$ - 0 -	\$ 275,919
Certificates of Deposit	1,906,044	2,907	(3,558)	1,905,393
Hedge Funds	890,388	- 0 -	(50,594)	839,794
Mutual Funds:				
Equity Funds	3,919,410	7,212	(154,713)	3,771,909
Fixed Income Funds	<u>645,369</u>	<u>- 0 -</u>	<u>(19,270)</u>	<u>626,099</u>
Totals	<u>\$ 7,637,130</u>	<u>\$ 10,119</u>	<u>\$ (228,135)</u>	<u>\$ 7,419,114</u>

Cost and fair value of investments at December 31, 2014 are as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Cash and Cash				
Equivalents	\$ 211,621	\$ - 0 -	\$ - 0 -	\$ 211,621
Certificates of Deposit	2,156,521	83,391	(1,686)	2,238,226
Hedge Funds	990,058	- 0 -	(18,962)	971,096
Mutual Funds:				
Equity Funds	3,446,188	60,986	(54,301)	3,452,873
Fixed Income Funds	<u>554,385</u>	<u>650</u>	<u>(4,195)</u>	<u>550,840</u>
Totals	<u>\$ 7,358,773</u>	<u>\$ 145,027</u>	<u>\$ (79,144)</u>	<u>\$ 7,424,656</u>

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

	<u>2015</u>	<u>2014</u>
ASSETS:		
Investments board directed	\$ 1,849,884	\$ 1,062,530
Investments other	1,465,846	2,170,819
Investments board designated endowment	<u>4,103,384</u>	<u>4,191,307</u>
Total investments	<u>\$ 7,419,114</u>	<u>\$ 7,424,656</u>

The Foundation records investment income by the "Total Return" approach, whereby realized gains and losses on the sale of invested funds, and trustee fees are included with interest and dividend income.

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 123,546	\$ 89,275
Fees	(23,334)	(9,122)
Net realized gains		
on sales of investments	17,461	81,526
Net unrealized gains (losses)		
on investments held	<u>(215,792)</u>	<u>15,214</u>
Total investment income (loss)	<u>\$ (98,119)</u>	<u>\$ 176,893</u>

## IMMUNE DEFICIENCY FOUNDATION

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### 3. Fair Value of Investments

Fair values consisted of the following at December 31:

	Fair Value Measurements at Reporting Date Using:			
	2015			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Unrealized (Loss)
Certificates of Deposit	\$ 1,905,393	\$ 1,905,393	\$ - 0 -	\$ (651)
Hedge funds	839,794	- 0 -	839,794	(50,594)
Mutual funds	4,398,008	4,398,008	- 0 -	(166,771)
	<u>\$ 7,143,195</u>	<u>\$ 6,303,401</u>	<u>\$ 839,794</u>	<u>\$ (218,016)</u>
	2014			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Unrealized Gains (Loss)
Certificates of Deposit	\$ 2,238,226	\$ 2,238,226	\$ - 0 -	\$ 81,705
Hedge funds	971,096	- 0 -	971,096	(18,962)
Mutual funds	4,003,713	4,003,713	- 0 -	3,140
	<u>\$ 7,213,035</u>	<u>\$ 6,241,939</u>	<u>\$ 971,096</u>	<u>\$ 65,883</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 years ended December 31, 2015 and 2014, there were no transfers into or out of Level 3.

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 \$839,794 and \$971,096 as of December 31, 2015 and 2014 is 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, 2015 and 2014.

## IMMUNE DEFICIENCY FOUNDATION

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### 4. Property and Equipment

Property and equipment consists of the following at December 31:

	2015	2014
Equipment	\$ 206,241	\$ 202,176
Furniture and fixtures	253,724	208,063
Software and website	1,129,850	1,129,850
	1,589,815	1,540,089
Less: accumulated depreciation	(1,368,735)	(1,320,817)
Total	\$ 221,080	\$ 219,272

### 5. Lease Commitments

On October 1, 2010, the Foundation amended its office space lease agreement to include an adjacent space. Per the amendment, the new lease expires on September 30, 2015, and has a base rent of \$153,497. The amendment calls for escalated rent payments of 3% beginning the first day of each subsequent lease year.

On November 5, 2014, the Foundation signed an office space lease for an additional 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 the prior office space lease, until the prior office space lease expires. In January of 2015, the Foundation signed a lease for storage space at a rate of \$5,184 a year with the same terms as the new lease. On August 19, 2015, the Foundation signed a 2 year lease expiring of August 31, 2017 for additional storage space at a rate of \$4,572 a year.

Rent expense was \$249,745 and \$163,712 for the years ended December 31, 2015 and 2014, respectively.

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

Year ending December 31,	2016	\$ 255,460
	2017	260,835
	2018	264,877
	2019	272,160
	2020	279,645
	Thereafter	508,762
Present value of net minimum lease payments		\$ 1,841,739



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### 6. Operating Lease Commitments for Equipment

The Foundation is obligated under an operating lease for two copiers. The cost of the lease obligation at December 31, 2015 consists of an operating lease and maintenance agreement, payable in monthly installments of \$1,348 through August 2017, collateralized by the related office equipment.

The Foundation is obligated under an operating lease for postage machine. The cost of the lease obligation at December 31, 2015 consists of an operating lease payable in quarterly installments of \$2,943 through June 2017, collateralized by the related office equipment.

Future minimum lease payments are as follows:

Year ending December 31,	2016	\$	27,948
	2017		<u>16,670</u>
Present value of net minimum lease payments		\$	<u>44,618</u>

### 7. 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, 2015 consists of a capital lease and maintenance agreement, payable in monthly installments of \$598, collateralized by the related office equipment. The balance of the capital lease is \$20,232 and \$25,388 at December 31, 2015 and 2014, respectively. This balance includes a current portion of \$5,626 and \$5,156 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments are as follows:

Year ending December 31,	2016	\$	10,260
	2017		10,260
	2018		10,260
	2019		<u>2,565</u>
Total minimum lease payments			33,345
Less: amount representing maintenance contract			(10,023)
Less: amount representing interest			<u>(3,090)</u>
Present value of net minimum lease payments		\$	<u>20,232</u>

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

Cost	\$	30,112
Less: accumulated depreciation		<u>(11,534)</u>
Net carrying value	\$	<u>18,578</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, 2015 and 2014. Annual depreciation expense totaled \$5,736 and \$5,352 for the years ended December 31, 2015 and 2014, respectively.

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8. Board Designated Net Assets

The board has designated unrestricted net assets for the following projects at December 31:

	<u>2015</u>	<u>2014</u>
Board designated endowment	\$ 4,103,383	\$ 4,191,307
Board directed	1,550,035	1,062,530
Board directed research investment	299,849	- 0 -
PIRC designated	<u>108,499</u>	<u>128,974</u>
 Total board designated net assets	 <u>\$ 6,061,766</u>	 <u>\$ 5,382,811</u>

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2015</u>	<u>2014</u>
National Conference	\$ -0-	\$ 735,000
Core Services	405,000	275,000
Communication Initiative	70,000	57,151
Advocacy	83,820	110,000
Teen Program	126,250	109,032
E Personal Health Record	100,000	50,000
Young Adult Program	40,000	-0-
Volunteer Outreach	93,280	-0-
Nurse Advisory Committee	41,000	25,000
Nurse Guide	20,000	-0-
NAC CEU Online Course	-0-	27,200
Retreats	145,000	-0-
Medical and Scientific	-0-	99,625
Survey Research	50,744	104,063
USIDNET	76,122	64,400
General Sponsorship	90,000	79,062
Fundraising Walks	<u>80,000</u>	<u>-0-</u>
 Total temporarily restricted net assets	 <u>\$ 1,421,216</u>	 <u>\$ 1,735,533</u>

## IMMUNE DEFICIENCY FOUNDATION

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### 9. Temporarily Restricted Net Assets (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:

	2015	2014
National Conference	\$ 735,000	\$ 76,000
Core Services	275,000	475,000
Communication Initiative	57,151	117,115
Advocacy	110,000	-0-
Teen Program	109,032	168,200
E Personal Health Record	50,000	90,000
Education and Mentoring	-0-	60,000
Outreach and Training	-0-	70,400
Nurse Advisory Committee	25,000	46,000
NAC CEU Online Course	27,200	21,800
Retreats	-0-	135,000
Research Project	-0-	40,000
Medical and Scientific	99,625	391
Survey Research	94,063	-0-
USIDNET	15,000	-0-
Public Policy	-0-	12,875
General Sponsorship	79,062	75,000
Fundraising Walks	-0-	15,000
Arcade Exclusive Sponsorship	-0-	10,000
 Total Time and purpose restrictions accomplished	 \$ 1,676,133	 \$ 1,412,781

### 10. Endowment Funds and Other Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor-imposed restrictions requiring that the principal be invested in perpetuity. Permanently restricted net assets at December 31, 2015 and 2014, consisted of a donor restricted endowment fund. The permanently restricted balance was \$-0- and \$47,038 at December 31, 2015 and 2014, respectively. On October 31, 2015 the Foundation signed a memorandum of understanding with the Donor of the donor restricted endowment fund to have the funds transferred to the Eric Marder Scholarship Fund, Inc. In November of 2015, \$58,525 of permanently restricted funds and \$21,794 of unrestricted funds were transferred to the Eric Marder Scholarship Fund, Inc.

During 2011, the Board of Trustees passed a resolution to create a board designated endowment. The board designated endowment balance was \$4,103,383 and \$4,191,307 as of December 31, 2015 and 2014, 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 unrestricted net assets.

**IMMUNE DEFICIENCY FOUNDATION**

Notes to Financial Statements  
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10. Endowment Funds and Other Permanently Restricted Net Assets (continued)

Interpretation of relevant law: The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets and is expendable for scholarships in accordance with the endowment agreement and in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return objective and risk parameters: The donor restricted endowment is funded by either or both of the annual contributions made to the Scholarship Program that exceed the funds necessary to support the scholarships awarded each year; and contributions and monies generated by fundraising events that are specially designated as funds allocated for the endowment. The investment return goal is to generate a 5% to 8% annual return while invested in conservative investment instruments.

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: No distributions shall be made from the permanently restricted, donor restricted endowment until the endowment has attained a balance of \$100,000. Once the endowment attains a balance of \$100,000 distributions of 5% of the endowment balance may be made to the Scholarship Program.

Distributions for the board designated endowment may be made at the discretion of the Board.

Changes in endowment and other permanently restricted net assets for the years ended December 31, 2015 and 2014, are as follows:

	<b>2015</b>				
	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ - 0 -	\$ 4,191,307	\$ - 0 -	\$ 47,038	\$ 4,238,345
Contributions	- 0 -	- 0 -	- 0 -	12,000	12,000
Investment loss	- 0 -	(87,924)	- 0 -	(513)	(88,437)
Transfer of permanently restricted funds	- 0 -	- 0 -	- 0 -	(58,525)	(58,525)
	<u>\$ - 0 -</u>	<u>\$ 4,103,383</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 4,103,383</u>

	<b>2014</b>				
	Unrestricted	Unrestricted Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ - 0 -	\$ 3,093,344	\$ - 0 -	\$ 41,412	\$ 3,134,756
Contributions	- 0 -	1,000,000	- 0 -	4,183	1,004,183
Investment gain	- 0 -	97,963	- 0 -	1,443	99,406
	<u>\$ - 0 -</u>	<u>\$ 4,191,307</u>	<u>\$ - 0 -</u>	<u>\$ 47,038</u>	<u>\$ 4,238,345</u>

## IMMUNE DEFICIENCY FOUNDATION

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### 11. 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. The Foundation's contributions were \$53,526 and \$48,929 for the years ended December 31, 2015 and 2014, respectively.

### 12. Line of Credit

The Foundation had a line of credit agreement with a bank for \$500,000, which expired on December 10, 2014. The line bears interest at the prime rate as set by the bank plus 1 % (indexed rate). The line was subject to an interest rate floor of 5%. The line was secured by substantially all of the Foundation's assets. As of December 31, 2015 no funds were available on the 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 expires on September 28, 2015. The line of credit was renewed on October 5, 2015 until October 4, 2016. 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, 2015, the Foundation had no outstanding balance on the line of credit and \$1,000,000 was available.

### 13. 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.

### 14. Contingencies

The Foundation participates in a federal award program. Prior to 2015, this program was subject to program compliance audits in accordance with the Single Audit Act. This program is subject to program compliance audits in accordance the grantors or their representatives. Accordingly, the Foundation's compliance with applicable grantor requirements will be established at some future date.

The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although management expects such amounts, if any, will not be significant.

### 15. 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.

## IMMUNE DEFICIENCY FOUNDATION

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### 16. 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.

### 17. Subsequent Events

Management has evaluated subsequent events through July 27, 2016, the date which the financial statements were available to be issued.