

**CHILDREN'S LEUKEMIA
RESEARCH ASSOCIATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Trustees of
Children's Leukemia Research Association, Inc.

We have audited the accompanying financial statements of Children's Leukemia Research Association, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Leukemia Research Association, Inc. as of December 31, 2018 and 2017, 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.

Raphael Goldberg, Nikpour Cohen & Sullivan CPAs PLLC

Woodbury, New York
April 24, 2019

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 704,379	\$ 954,449
Marketable securities	1,971,182	2,281,957
Prepaid expenses	47,639	45,632
Contributions receivable	8,859	2,918
Property and equipment - net	12,632	0
Miscellaneous receivable	<u>0</u>	<u>1,518</u>
 Total Assets	 \$ <u>2,744,691</u>	 \$ <u>3,286,474</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 19,001	\$ 9,892
Accrued expenses and withheld taxes	4,507	0
Fund raising fees payable	<u>0</u>	<u>4,558</u>
 Total Liabilities	 <u>23,508</u>	 <u>14,450</u>
Net Assets:		
Without donor restrictions:		
Undesignated	2,501,183	3,052,024
Designated for specific purposes	<u>220,000</u>	<u>220,000</u>
 Total Without Donor Restrictions	 <u>2,721,183</u>	 <u>3,272,024</u>
 Total Net Assets	 <u>2,721,183</u>	 <u>3,272,024</u>
 Total Liabilities And Net Assets	 \$ <u>2,744,691</u>	 \$ <u>3,286,474</u>

See accompanying notes and independent auditors' report.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017	
	Without Donor Restrictions	With Donor Restrictions	Total		
SUPPORT AND REVENUE					
Contribution Income	\$ 94,147	\$ 0	\$ 94,147	\$	856,103
Bequests, Wills and Memorials	55,382	0	55,382		12,273
Realized Gain on Investments	29,594	0	29,594		35,017
Unrealized (Loss) Gain on Investments	(257,089)	0	(257,089)		172,689
Other Investment Income - Net	67,177	0	67,177		51,643
 Total Support and Revenue	 (10,789)	 0	 (10,789)		 1,127,725
 EXPENSES					
Program Services:					
Research and Patient Aid	418,068	0	418,068		357,592
Public Information and Education	52,129	0	52,129		45,938
 Total Program Services	 470,197	 0	 470,197		 403,530
 Supporting Services:					
Fund Raising Costs	48,882	0	48,882		671,062
Management and General	20,973	0	20,973		4,535
 Total Supporting Services	 69,855	 0	 69,855		 675,597
 Total Expenses	 540,052	 0	 540,052		 1,079,127
 (Decrease) Increase in Net Assets	 (550,841)	 0	 (550,841)		 48,598
Net Assets, beginning of year	3,272,024	0	3,272,024		3,223,426
Net Assets, end of year	\$ 2,721,183	\$ 0	\$ 2,721,183	\$	3,272,024

See accompanying notes and independent auditors' report.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>Programs</u>		<u>Support</u>		<u>Totals</u>	
	<u>Research & Patient Aid</u>	<u>Public Info. & Education</u>	<u>Fund Raising</u>	<u>Management & General</u>	<u>2018</u>	<u>2017</u>
Special Services:						
Grants	\$ 190,000	\$ 0	\$ 0	\$ 0	\$ 190,000	\$ 204,962
Patient Aid	112,202	0	0	0	112,202	50,243
Fund Raising Fee	0	0	37,885	0	37,885	660,423
Total Special Services	<u>302,202</u>	<u>0</u>	<u>37,885</u>	<u>0</u>	<u>340,087</u>	<u>915,628</u>
Allocated Expenses:						
Salaries	29,613	20,463	952	3,553	54,581	46,078
Payroll taxes and benefits	2,668	1,843	86	320	4,917	4,433
Consulting	22,396	13,438	4,479	4,479	44,792	50,000
Professional fees	20,374	2,279	0	4,836	27,489	19,341
Rent expense	15,395	4,737	1,184	2,368	23,684	22,886
Office expenses	9,534	2,934	734	1,467	14,669	4,827
Registration fees	1,953	2,734	1,562	1,562	7,811	4,518
Computer and website	4,381	1,348	337	674	6,740	0
Telephone and internet	3,576	477	238	477	4,768	3,952
Travel	3,056	940	235	470	4,701	1,406
Insurance	1,241	108	1,096	36	2,481	2,547
Postage and shipping	1,238	619	0	619	2,476	1,507
Advertising	0	62	62	0	124	1,922
Printing and publications	22	18	0	48	88	0
Depreciation	419	129	32	64	644	82
Total Allocated Expenses	<u>115,866</u>	<u>52,129</u>	<u>10,997</u>	<u>20,973</u>	<u>199,965</u>	<u>163,499</u>
Total Functional Expenses	<u>\$ 418,068</u>	<u>\$ 52,129</u>	<u>\$ 48,882</u>	<u>\$ 20,973</u>	<u>\$ 540,052</u>	<u>\$ 1,079,127</u>

See accompanying notes and independent auditors' report.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) Increase in Net Assets	\$ (550,841)	\$ 48,598
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	644	82
Cumulative effect of unrealized loss (gain) on marketable securities	257,089	(172,689)
Realized gain on marketable securities	(29,594)	(35,017)
Reinvested dividends	(81,331)	(65,613)
Decrease (Increase) in operating assets :		
Prepaid expenses	(2,007)	508
Contributions receivable	(5,941)	23,614
Miscellaneous receivable	1,518	(1,518)
Increase (Decrease) in operating liabilities:		
Accounts payable	9,109	4,594
Accrued expenses and withheld taxes	4,507	0
Fund raising fees payable	(4,558)	22,181
NET CASH USED BY OPERATING ACTIVITIES	<u>(401,405)</u>	<u>(175,260)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Marketable Securities	(254,975)	(103,327)
Sale of Marketable Securities	419,586	76,344
Purchase of Property and Equipment	(13,276)	0
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>151,335</u>	<u>(26,983)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(250,070)	(202,243)
CASH AND CASH EQUIVALENTS, beginning of year	<u>954,449</u>	<u>1,156,692</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 704,379</u>	<u>\$ 954,449</u>

See accompanying notes and independent auditors' report.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 1 - Organization

The Children's Leukemia Research Association, Inc., (the Organization) is a nonprofit corporation which was incorporated January 6, 1966, under the laws of The State of New York to raise funds to support research efforts into the causes and cure of leukemia, and to provide assistance in meeting the expenses incurred in leukemia treatment.

Note 2 - Summary of Significant Accounting Policies

The summary of significant accounting policies of Children's Leukemia Research Association, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's Board, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

(A) Cash and Cash Equivalents

For the purposes of reporting of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents.

(B) Basis of Accounting

The Organization keeps its books on the accrual basis of accounting, which requires income to be recorded when it is pledged instead of received and expenses to be recorded when incurred instead of paid.

(C) Revenue Recognition

Contributions are recognized as revenue when received or unconditionally pledged. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted upon satisfaction of the time or purpose restrictions.

(D) Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code of 1986 (IRC). As such, the Organization is not taxed on income derived from its exempt functions. However, the Organization is subject to tax on unrelated business income, which is generated from the Organization's investment income and other activities not related to their stated exempt purposes. The Organization had no deferred income tax assets or liabilities as of December 31, 2018 and 2017.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2015, 2016 and 2017 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2018 and 2017.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (continued)

(E) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are based on the Board's best knowledge of current events, historical experience, actions that the Organization may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results could differ from these estimates.

(F) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification 958 (ASC 958), Not-for-Profit Entities. Effective for annual reporting periods beginning after December 15, 2017, the requirements for financial statements and notes in ASC 958 were amended by Accounting Standards Update (ASU) No. 2016-14. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. At December 31, 2018 and 2017, the Organization had no net assets with donor restrictions.

(G) Property and Equipment

Office equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful life of the asset (s), which is 5 – 7 years.

(H) Fair Value of Financial Instruments

The carrying amounts reflected in the balance sheet for cash, cash equivalents, contribution receivable and accounts payable approximate the respective fair values due to short-term maturities of those instruments. Available for sale marketable securities also are recorded at fair value in the balance sheet. The fair value for held to maturity marketable debt securities are based primarily on quoted market prices for those similar instruments.

(I) Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures (formerly FASB Statement 157, Fair Value Measurements) establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels explained below:

Level 1 – Fair value measurements based on quoted prices in active markets for identical assets or liabilities that the Organization has access to and are not adjusted. Since measurements are based solely on quoted prices that are readily and regularly available in an active market, valuation of Level 1 instruments does not entail a significant degree of judgment by the Organization.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (continued)

(I) Fair Value Measurements (continued)

Level 2 – Fair value measurements based on inputs that are observable, both directly and indirectly, for instruments in markets that are not active (including those that are “thinly traded”) or have restrictions on their resale. Level 2 inputs include quoted prices for similar assets and liabilities that are in active markets, “as if” conversions for constrained instruments, discounts for trading volume constraints and others such as interest rates and yield curves that are obtainable at common intervals.

Level 3 – Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Unobservable Level 3 inputs include commonly used pricing models, the Organization’s internally developed data and assumptions for valuation methodology and other information used by the Organization to assist in exercising judgment for instruments that fall into this level.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors. This includes the type of instrument, whether the instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the instrument is reported in the lowest level that has a significant input. Even when inputs are not observable, the Organization’s own assumptions and methodologies are established to reflect those that market participants would use in pricing the asset or liability at the measurement date. In addition, during periods of market dislocation, the observability of inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified to a lower level within the fair value hierarchy.

Valuation techniques – Equity securities: The Organization values equity securities owned that are readily tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the period.

Valuation techniques – Bonds: The Organization values bonds owned that are readily tradable and listed on the Over the Counter Market at their last sales price as of the last business day of the period.

The Organization’s net assets recorded at fair value are categorized below based upon a fair value hierarchy in accordance with ASC 820 at December 31, 2018.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (continued)

(I) Fair Value Measurements (continued)

<u>Securities Owned</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,493,308		\$ -	\$ 1,493,308
Equities	417,680	-	-	417,680
Global Reit	-	60,194		60,194
Total	<u>\$ 1,910,988</u>	<u>\$ 60,194</u>	<u>\$ -</u>	<u>\$ 1,971,182</u>
% of Total	96.9%	3.1%	0.0%	100%

Note 3 - Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts which at times may exceed federally insured limits. Management has not experienced any losses in such accounts. The federal government, through the Federal Depository Insurance Corporation (FDIC), insures accounts to a maximum of \$250,000. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2018 and 2017, the Organization had uninsured cash amounting to \$0 and \$356,833 respectively.

There are no temporarily cash restricted balances as of December 31, 2018 and 2017.

Note 4 - Marketable Securities

The Organization elected to adopt ASC 958-320 (Accounting for Certain Investments held by Not-for-Profit Organizations). Under ASC 958-320, investments in marketable securities with readily determinable fair market values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

As of December 31, 2018, the investments are in Mutual funds, Bonds and Equity funds with a fair market value of \$1,971,182 and a cost of \$1,818,984. The mutual funds are adjusted for annual reinvested dividends.

Note 5 - Contributions Receivable

	<u>2018</u>	<u>2017</u>
Unconditional Receivables due within one year:		
Pledges	<u>\$ 8,859</u>	<u>\$ 2,918</u>

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 6 – Liquidity and Availability of Financial Assets

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

Cash and cash equivalents	\$ 704,379
Marketable securities	1,971,182
Contributions receivable	<u>8,859</u>
	<u>\$ 2,684,420</u>

None of the above financial assets are subject to donor restrictions making them available for general expenditure.

The Organization is supported generally by contributions without donor restrictions. Since generally there are no contributions with donor restrictions that require resources to be used in a particular manner or in a future period, the Organization does not have to maintain resources to meet those responsibilities to its donors. Thus all financial assets are available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Organization invests cash in excess of daily requirements in highly liquid and short-term investments which also makes funds available for unanticipated liquidity needs.

Note 7 - Property and Equipment

Property and Equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Office Equipment	\$ 23,201	\$ 12,461
Accumulated Depreciation	<u>10,569</u>	<u>12,461</u>
Total	<u>\$ 12,632</u>	<u>\$ 0</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$644 and \$82, respectively.

Note 8- Grants and Fellowships

For the years 2018 and 2017 restricted research grants were authorized in the amount of \$190,000 and \$204,962, respectively. As of December 31, 2018 and 2017, there were no liabilities.

In 2018 the following grants and fellowships were incurred:

	<u>Amount</u>
1) Dana-Farber Cancer Institute	\$ 100,000
2) Baylor College of Medicine Lisa Bouchier-Hayes Ph.D.	30,000
3) Boston Children's Hospital Ah Ram Kim Ph.D.	30,000

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 8- Grants and Fellowships (continued)

4) Oregon Health & Science University Zheng Xia Ph.D.	<u>30,000</u>
Total grants incurred in 2018	<u>\$ 190,000</u>

In 2017 the following grants and fellowships were incurred:

	<u>Amount</u>
1) Dana-Farber Cancer Institute	\$ 100,000
2) Karp Family Research Laboratories Dr. Melissa Burns	30,000
3) Case Western Reserve University Dr. Reshmi Parameswaran Ph.D.	30,000
4) Children's Hospital of Los Angeles Dr. Ravi Bansal Ph.D.	30,000
5) Cancer Research Foundation Dr. Peter Wiernik	15,000
6) University of Michigan Medical School Andrew Muntean, Ph.D. (refund of 2015 unused funds)	<u>(38)</u>
Total grants incurred in 2017	<u>\$ 204,962</u>

Note 9 – Governing Board Designations

The Organization's governing board has designated, from net assets without donor restrictions of \$2,721,183 and \$3,272,024 at December 31, 2018 and 2017, respectively, an estimate of \$220,000 for the purpose of issuing grants for leukemia research.

Note 10 – Concentration

During 2017 and to July 31, 2018, all donations were solicited under contract with one fundraising corporation (see Note 11 (D)).

Note 11 - Commitments and Contingencies

(A) Lease

The Organization is liable under an operating lease which expires on November 30, 2024 for office space at an annual rental of \$29,696 plus future escalation for real estate taxes and building operating expenses. The annual rental increases 3 percent beginning each December 1st of the next lease year.

Rental expense for the years ended December 31, 2018 and 2017 were \$23,684 and \$22,886, respectively.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 11 - Commitments and Contingencies (continued)

(A) Lease (continued)

Minimum rental commitments under the noncancelable lease, which expires November 30, 2024 are as follows:

2019	\$ 29,770
2020	30,663
2021	31,583
2022	35,235
2023 thereafter	65,064

(B) Management Consultant

The Organization paid its Executive Director \$44,792 and \$50,000 in 2018 and 2017, respectively

(C) Contingency

The Organization is a beneficiary under the will of the late John Misko. They are involved in a formal administration proceeding in the County of St. Lucie, State of Florida which has had no recent activity. The Organization has pursued its right as beneficiary in regard to the title to certain real property located in New Jersey. In 2007, the Organization incurred \$45,000 of costs for environmental cleanup and is included in prepaid expenses. The attorney for the Estate's personal representative at the time notified the beneficiaries by letter dated January 26, 2016 that the Paramus, New Jersey property had been sold on January 5, 2016. On May 16, 2016, the Organization received a distribution of \$165,000 as its share of the net proceeds of the sale. However, a tenant of the real property filed a lawsuit in New Jersey against the Estate, which asserts personal injury claims and contract claims. The suit is being vigorously defended by the Estate. Although the Organization is not a party to this suit, the Estate's attorney has stated that in the event a judgement is entered against the Estate not covered by the liability insurance policy, the Estate may seek from the beneficiaries a return of some or all of the amounts distributed. On December 18, 2017, the Court held a hearing on the Court's order to show cause why the Tenant's case should not be dismissed for lack of prosecution. The Charity beneficiaries did not attend. It appears the personal representative did not attend and filed nothing. It is anticipated that the Court will dismiss the case.

(D) Telemarketing Campaign

Effective March 1, 2014, the Organization entered into an agreement with a telemarketing firm to expand its donor base. The initial term of this agreement expired on December 31, 2014. Following the completion of the initial term, this agreement would continue in force for a period of (30) months and automatically renew every other year for two (2) year periods unless either party provided written notice of non-renewal to the other party not less than 120 days prior to the expiration of the current renewal term. The Organization terminated this agreement on July 31, 2018.

CHILDREN'S LEUKEMIA RESEARCH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note 11 - Commitments and Contingencies (continued)

(D) Telemarketing Campaign (continued)

During the year ended December 31, 2018 the Organization received contributions of \$28,440 against fund raising and bank fees of \$18,110 for net contributions of \$10,330. During the year ended December 31, 2017 the Organization received contributions of \$825,648 against fund raising and bank fees of \$657,923 for net contributions of \$167,725. The net amount represents 34.8% of total support and other income net of fund raising fees and bank fees received by the Organization for the period.

(E) Retirement/Termination Benefit

In 2008, the Organization established a retirement/termination benefit for all eligible employees. Any employee who works a minimum of 20 hours a week and has completed 10 years of service will receive a check in the amount of one week pay for every year of service from the first day of employment.

Note 12 – Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, consulting and professional fees, which are allocated on the basis of estimates of time and effort, as well as rent expense, which is allocated on a square-footage basis. Costs of office, computer and website, and telephone and internet expenses are allocated based on utilization and benefit received.

Note 13 – Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on the increase in net assets for the prior year.

Note 14 – Pending Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board issued Accounting Standard Update No. 2016-02, Leases (Topic 842), which supersedes existing lease accounting standards. Together with subsequent amendments, this created Accounting Standards Codification Topic 842 ("ASC 842"). ASC 842 is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect the updated standard will have on the financial statements.

Note 15 - Subsequent Events

Management has evaluated subsequent events through April 24, 2019 the date on which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements as of December 31, 2018.