



***HCU NETWORK AMERICA
(A NONPROFIT CORPORATION)***

*Financial Statements
December 31, 2017*

HCU NETWORK AMERICA
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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KUTCHINS
ROBBINS &
DIAMOND,
LTD.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
 HCU Network America
 Batavia, Illinois

We have reviewed the accompanying financial statements of HCU Network America (a Pennsylvania nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2017 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 financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Kutichins, Robbins & Diamond, Ltd.

June 6, 2018

"Helping Our Clients Achieve Financial Success Through Sound Advice"

HCU NETWORK AMERICA
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STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

See independent accountants' review report and notes to financial statements.

ASSETS

CURRENT ASSETS

Cash	\$	69,519
Accounts receivable		<u>2,195</u>
	\$	<u><u>71,714</u></u>

NET ASSETS

NET ASSETS

Unrestricted	\$	<u><u>71,714</u></u>
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STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017

See independent accountants' review report and notes to financial statements.

REVENUES	
Contributions	<u>\$ 151,686</u>
EXPENSES	
Program services	91,559
Fundraising	1,166
Management and general	<u>8,710</u>
Total expenses	<u>101,435</u>
CHANGE IN NET ASSETS	50,251
UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR	<u>21,463</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u><u>\$ 71,714</u></u>

HCU NETWORK AMERICA
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STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

See independent accountants' review report and notes to financial statements.

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management, Administrative and General</u>	<u>Total</u>
Computer expense	\$ 456	\$ -	\$ -	\$ 456
Office supplies	-	-	54	54
Bank fees	-	-	748	748
Printing and copying	-	-	985	985
Conferences and seminars	1,850	-	-	1,850
Accounting and legal	-	-	2,375	2,375
Licenses and permits	-	-	321	321
Professional fees	49,735	-	448	50,183
Payroll and related	18,659	1,166	3,499	23,324
Postage and mailing	-	-	280	280
Contract services	13,613	-	-	13,613
Program expenses	4,869	-	-	4,869
Travel and entertainment	2,377	-	-	2,377
	<u>\$ 91,559</u>	<u>\$ 1,166</u>	<u>\$ 8,710</u>	<u>\$ 101,435</u>

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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

See independent accountants' review report and notes to financial statements.

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$	50,251
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in assets and liabilities		
Accounts receivable		<u>(1,695)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		48,556
CASH AT BEGINNING OF YEAR		<u>20,963</u>
CASH AT END OF YEAR	\$	<u><u>69,519</u></u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

See independent accountants' review report.

NATURE OF ACTIVITIES

HCU Network America (the "Organization") is a national nonprofit organization whose purpose is to help patients with Homocystinuria (HCU) and related disorders manage their disease and to find a cure. The Organization supports research to improve diagnosis and treatment including a cure for the disease. The Organization creates connections across the community and facilitates sharing of information and best practices through in-person and virtual events and discussions.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include resources that are not subject to donor-imposed restrictions plus those resources for which donor-imposed restrictions have been satisfied. Contributions are reported as increases in the appropriate category of net assets. Expenses are reported as decreases in unrestricted net assets.

Temporarily restricted net assets are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of temporarily restricted net assets (i.e., when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from temporarily restricted net assets to unrestricted net assets. The Organization reports contributions with a donor-imposed restriction whose restrictions are met in the same reporting period as unrestricted support in the statements of activities. At December 31, 2017, the Organization had no temporarily restricted assets.

Permanently restricted net assets are subject to donor-imposed restrictions that will never lapse, thus requiring that the funds be retained permanently. At December 31, 2017, the Organization had no permanently restricted assets.

Cash and Cash Equivalents: The Organization considers all checking and money market accounts as cash and highly liquid debt instruments purchased with a maturity of three months or less and used to support daily operations to be cash equivalents.

Accounts Receivable: The balance represents contributions and pledges due from donors. Receivables are periodically reviewed for collectability by management and an estimated allowance for doubtful accounts is recorded, if necessary. Management believes all amounts to be collectible and, therefore, no allowance for doubtful accounts has been recorded at December 31, 2017.

Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

See independent accountants' review report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services: A significant amount of donated services are contributed to the Organization by various members to support the Organization's programs and supporting services. These volunteer activities include participation on the Board of Directors and numerous other committees. The value of these services has not been included in the financial statements.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax Exempt Status: The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, any income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Management has evaluated subsequent events through June 6, 2018, the date the financial statements were available to be issued.

New Accounting Pronouncements: During 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14 *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The ASU is effective for the year ending December 31, 2018. This ASU replaces the three classes of net assets used in financial statements of nonprofit entities (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets (net assets with donor restrictions and net assets without donor restrictions). The new ASU also will require expanded disclosures about liquidity and availability of resources, presentation of expenses by both functional and natural classifications, changes in the cash flow statement when prepared using the direct method, and changes in reporting of investment returns.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. This standard was subsequently amended by ASU 2015-14 and ASU 2016-12. The core principle of the amended standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The provisions of this standard are effective for periods beginning after December 15, 2018. Early adoption is permitted subject to certain limitations. The standard requires that it is to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application.

The effects of these pronouncements on the financial statements has not been determined.

CONCENTRATIONS

Two organizations have combined to contribute approximately 85% of the organization's funding in 2017.