



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

*Financial Statements
December 31, 2018 and 2017*

HCU NETWORK AMERICA
(A NONPROFIT CORPORATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 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 statements of financial position as of December 31, 2018 and 2017 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 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 engagements 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 reviews, 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.

Schaumburg, Illinois
 June 13, 2019

"Helping Our Clients Achieve Financial Success Through Sound Advice"

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STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

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

	<u>2018</u>	<u>2017</u>
<i>ASSETS</i>		
CURRENT ASSETS		
Cash	\$ 136,928	\$ 70,199
Contributions receivable	<u>2,531</u>	<u>1,515</u>
	<u>\$ 139,459</u>	<u>\$ 71,714</u>
<i>LIABILITIES AND NET ASSETS</i>		
LIABILITIES		
Deferred revenue	\$ 30,600	\$ -
NET ASSETS		
Without donor restrictions	<u>108,859</u>	<u>71,714</u>
	<u>\$ 139,459</u>	<u>\$ 71,714</u>

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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	<u>2018</u>	<u>2017</u>
REVENUES		
Contributions	<u>\$ 140,658</u>	<u>\$ 151,686</u>
EXPENSES		
Program services	78,975	91,559
Fundraising	2,298	1,166
Management, administrative and general	<u>22,240</u>	<u>8,710</u>
Total expenses	<u>103,513</u>	<u>101,435</u>
CHANGE IN NET ASSETS	37,145	50,251
NET ASSETS WITHOUT DONOR RESTRICTIONS AT BEGINNING OF YEAR	<u>71,714</u>	<u>21,463</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u><u>\$ 108,859</u></u>	<u><u>\$ 71,714</u></u>

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STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

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	\$ 39	\$ -	\$ -	\$ 39
Office supplies	-	-	177	177
Bank fees	-	-	301	301
Printing and copying	-	-	2,601	2,601
Conferences and seminars	25,720	-	-	25,720
Accounting and legal	-	-	10,040	10,040
Licenses and permits	-	-	10	10
Professional fees	2,770	-	-	2,770
Payroll and related	36,759	2,298	6,892	45,949
Postage and mailing	-	-	359	359
Other	-	-	1,860	1,860
Program expenses	8,791	-	-	8,791
Travel and entertainment	4,896	-	-	4,896
	<u>\$ 78,975</u>	<u>\$ 2,298</u>	<u>\$ 22,240</u>	<u>\$ 103,513</u>

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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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STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 37,145	\$ 50,251
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in assets and liabilities		
Contributions receivable	(1,016)	(1,015)
Deferred revenue	<u>30,600</u>	<u>-</u>
Net increase in cash from operating activities	<u>66,729</u>	<u>49,236</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	66,729	49,236
CASH AT BEGINNING OF YEAR	<u>70,199</u>	<u>20,963</u>
CASH AT END OF YEAR	<u><u>\$ 136,928</u></u>	<u><u>\$ 70,199</u></u>

**HCU NETWORK AMERICA
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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 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: During 2018, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14 *Not-for-Profit Entities (Topic 958) Presentation of Not-for-Profit Entities*. This ASU replaces the three classes of net assets (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 requires expanded disclosures about liquidity and availability of resources and presentation of expenses by both functional and natural classifications.

Net assets without donor restrictions 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 net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Net assets with donor restrictions are subject to donor-imposed restrictions related to specific purposes or time periods. Satisfaction of net assets with donor restrictions (i.e. when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as a reclassification from net assets with donor restrictions to net assets without donor restrictions. The Organization reports contributions with a donor-imposed restriction whose restrictions are met in the same reporting period as without donor restrictions in the statements of activities. There were no net assets with restrictions at December 31, 2018 and 2017.

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.

Liquidity and Availability of Resources: The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet between three and six months of operating expenses, which average approximately \$25,000 to \$50,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's financial assets are available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$	136,928
Contributions receivable		2,531
Total	\$	<u>139,459</u>

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions 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, 2018 or 2017.

Contributions: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence and nature of any donor restrictions. None of the contributions received during the years ended December 31, 2018 and 2017 are donor restricted.

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.

Deferred Revenue: Sponsorship and other fees received for events to be held in the subsequent year are recorded as deferred revenue and are recognized as income upon the occurrence of the event.

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 13, 2019, the date the financial statements were available to be issued.

Reclassifications: Certain amounts in the December 31, 2017 financial statements have been reclassified for comparative purposes to conform with the presentation in the December 31, 2018 financial statements.

New Accounting Pronouncement: 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 annual reporting periods beginning after December 15, 2018.

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NOTES TO FINANCIAL STATEMENTS

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See independent accountants' review report.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (continued): 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 effect of this pronouncement on the financial statements has not yet been determined.

CONCENTRATIONS

Three organizations contributions comprise approximately 70% and 88% of the Organization's funding in 2018 and 2017, respectively.

COMMITMENT

In 2018, the Organization signed an agreement to host their 2019 conference in a hotel. If cancelled, the Organization may be liable for a cancellation fee.