

Hydrocephalus Association

Report on Financial Statements

For the year ended December 31, 2017

Hydrocephalus Association

Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-15



Independent Auditor's Report

To the Board of Directors
Hydrocephalus Association
Bethesda, Maryland

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Hydrocephalus Association (the "Association") as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 the Hydrocephalus Association as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Kimbee". The signature is written in a cursive style with a prominent dot above the letter 'i'.

Richmond, Virginia
June 6, 2018

Hydrocephalus Association

Statement of Financial Position

As of December 31, 2017

Assets

Current assets

Cash and cash equivalents	\$ 1,616,540
Investments	224,784
Receivables:	
Contributions receivable	558,000
Prepaid expenses	76,927
Inventory	20,869
Total current assets	<u>2,497,120</u>

Investments 91,118

Property and equipment, net 93,167

Contributions receivable, less current portion, net 489,444

Deposits 8,344

Total assets \$ 3,179,193

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 143,662
Grant payable	211,089
Note payable	19,949
Capital lease payable	2,087
Total current liabilities	<u>376,787</u>

Long-term liabilities

Accrued rent expense	24,165
Note payable, less current portion	19,950
Capital lease payable, less current portion	4,683
Total liabilities	<u>425,585</u>

Net assets

Unrestricted net assets	504,823
Temporarily restricted net assets	2,157,667
Permanently restricted net assets	91,118
Total net assets	<u>2,753,608</u>
Total liabilities and net assets	<u>\$ 3,179,193</u>

See Notes to Financial Statements

Hydrocephalus Association

Statement of Activities

For the year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Grants and contributions	\$ 499,070	\$ 1,669,148	\$ -	\$ 2,168,218
Special events (net of expenses of \$316,241)	1,653,487	-	-	1,653,487
Sale of books, publications and other items	4,546	-	-	4,546
Contract revenue	11,283	-	-	11,283
Interest and dividends	3,923	1,484	-	5,407
Net investment gain	232	80	-	312
Other income	21,154	-	-	21,154
Net assets released from restrictions:				
Purpose accomplished	1,705,150	(1,705,150)	-	-
Total support and revenue	<u>3,898,845</u>	<u>(34,438)</u>	<u>-</u>	<u>3,864,407</u>
Expenses				
Program expenses:				
Research	1,802,925	-	-	1,802,925
Public support and education	1,404,456	-	-	1,404,456
Advocacy	115,677	-	-	115,677
Conferences	105,826	-	-	105,826
Total program expenses	<u>3,428,884</u>	<u>-</u>	<u>-</u>	<u>3,428,884</u>
Fundraising:				
Fund development	605,717	-	-	605,717
Administration	721,768	-	-	721,768
Total expenses	<u>4,756,369</u>	<u>-</u>	<u>-</u>	<u>4,756,369</u>
Change in net assets	(857,524)	(34,438)	-	(891,962)
Net assets at beginning of period	<u>1,362,347</u>	<u>2,192,105</u>	<u>91,118</u>	<u>3,645,570</u>
Net assets at end of period	<u>\$ 504,823</u>	<u>\$ 2,157,667</u>	<u>\$ 91,118</u>	<u>\$ 2,753,608</u>

See Notes to Financial Statements

Hydrocephalus Association
Statement of Functional Expenses
For the year ended December 31, 2017

	Program				Total Program	Fundraising		
	Research	Public Support and Education	Advocacy	Conferences Hydrocephalus Conference		Fund Development	Administration	Total
Grants to others	\$ 1,371,821	\$ 446	\$ -	\$ -	\$ 1,372,267	\$ -	\$ -	\$ 1,372,267
Salaries	163,550	653,356	70,177	53,712	940,796	124,468	360,262	1,425,526
Payroll taxes	14,227	50,115	5,472	3,918	73,732	9,873	27,664	111,270
Employee benefits	17,948	85,806	9,481	6,781	120,016	10,248	58,774	189,038
Prof serv - accounting	-	330	-	-	330	-	43,540	43,870
Prof serv - legal	284	1,355	-	-	1,639	100	100	1,839
Prof serv - temp	-	-	-	-	-	-	35	35
Prof serv - technology	9,665	14,191	442	419	24,716	2,822	3,421	30,959
Advertising	127	3,203	2	477	3,809	3,331	13	7,153
Prof serv - communication	98,523	84,027	10,660	26,637	219,847	87,139	30,171	337,157
Rent	42,465	31,545	2,593	2,461	79,064	14,653	16,165	109,883
Expendable equipment	23	208	1	1	234	8	9	250
Supplies	1,851	19,066	106	197	21,220	17,139	1,647	40,006
Software	51,427	39,417	3,133	2,973	96,949	17,682	19,527	134,158
Equipment rental	342	4,741	21	20	5,124	4,283	1,541	10,948
Insurance	-	-	-	-	-	11,641	2,722	14,363
Telephone	4,968	7,149	303	288	12,709	2,112	2,113	16,934
Postage	4,415	19,542	270	256	24,483	13,645	4,035	42,162
Printing	4,827	25,511	144	585	31,067	49,710	1,185	81,962
Out of town travel	16,947	209,026	2,070	7,036	235,079	28,883	77,109	341,071
Local travel	641	1,946	206	15	2,808	1,078	377	4,264
Meetings	18,435	60,250	566	49	79,300	128,600	7,151	215,051
Conference registration	420	-	-	-	420	278	400	1,098
Site expenses	-	12,031	-	-	12,031	3,201	-	15,232
Employee education	93	561	6	5	665	1,196	35	1,897
Scholarships	-	31,067	-	-	31,067	-	-	31,067
Prize and award	2,077	169	30	4	2,281	51	29	2,361
Dues and Subscriptions	3,018	1,684	5,963	30	10,695	11,164	567	22,426
Taxes and other fees	1,060	787	65	61	1,973	2,626	1,222	5,822
Bank charges	-	-	-	-	-	1,091	4,206	5,297
Service charges	967	751	59	146	1,924	66,550	25,751	94,225
Interest	-	-	-	-	-	-	4,807	4,807
Depreciation expense	13,922	10,342	850	807	25,921	4,683	5,300	35,904
Miscellaneous expense	297	1,422	18	25	1,763	2,093	2,211	6,067
Shared cost allocations	(41,415)	34,410	3,041	(1,080)	(5,045)	(14,632)	19,677	-
Total expenses	\$ 1,802,925	\$ 1,404,456	\$ 115,677	\$ 105,826	\$ 3,428,884	\$ 605,717	\$ 721,768	\$ 4,756,369

See Notes to Financial Statements

Hydrocephalus Association

Statement of Cash Flows

For the year ended December 31, 2017

Cash flows from operating activities

Change in net assets	\$ (891,962)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	35,904
Net investment gain	(312)
Change in fair value of contributions receivable	13,959
Change in operating assets and liabilities:	
Contributions receivable	(216,211)
Grants receivable	103,100
Other receivables	41,728
Prepaid expenses	31,801
Inventory	(3,891)
Accounts payable and accrued expenses	(195,301)
Grant payable	211,089
Accrued rent expense	(6,923)
Net used in operating activities	<u>(877,019)</u>

Cash flows from investing activities

Purchases of investments	(5,398)
Purchases of property and equipment	(72,316)
Net cash used in investing activities	<u>(77,714)</u>

Cash flows from financing activities

Principal payments on note payable	(18,289)
Principal payments on capital leases	(1,989)
Net cash used in financing activities	<u>(20,278)</u>
Net decrease in cash and cash equivalents	(975,011)

Cash and cash equivalents at beginning of year

2,591,551

Cash and cash equivalents at end of year

\$ 1,616,540

Supplemental disclosure of cash flow information

Interest paid during the year	<u>\$ 4,807</u>
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See Notes to Financial Statements

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities:

The Hydrocephalus Association (the "Association") was incorporated in 1986 as a nonprofit corporation under the laws of the State of California. Hydrocephalus is an abnormal accumulation of cerebrospinal fluid (CSF) within cavities of the brain called ventricles. The mission of the Association is to promote a cure for hydrocephalus and improve the lives of those affected by the condition by collaborating with patients, caregivers, researchers and industry, raising awareness, and funding innovative, high-impact research to prevent, treat and ultimately cure hydrocephalus. The Association is headquartered in Bethesda, Maryland.

Basis of accounting:

The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and, accordingly, reflect all significant receivables, payables and recognized revenues and support when earned and expenditures when they are incurred.

Basis of presentation:

The Association prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). The Association is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets, subject to donor-imposed stipulations, that are maintained permanently by the Association. Generally, earnings from endowed contributions and investments are restricted for specific purposes.

Cash and cash equivalents:

For the purpose of the statement of cash flows, cash and cash equivalents include demand deposit accounts and short term and highly liquid investments with an initial maturity of three months or less.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Concentrations and risk:

The Association maintains its cash accounts with three financial organizations which are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank.

One donor makes up approximately 10% of total grants and contributions. Three donors make up approximately 68% of pledges receivable.

Donated assets:

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Contributions receivable:

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Amortization of the discount is included in contribution revenue in the statement of activities. Management determines an allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collection. At December 31, 2017, management determined an allowance for uncollectible contributions receivable was not necessary.

Inventory:

Inventory is stated at lower of cost or market and consists of books and resources.

Property and equipment:

The Association capitalizes all expenditures in excess of \$1,000 as property and equipment with an extended useful life. Property is recorded at cost, or if donated, at fair market value on the date received. Major improvements are capitalized and depreciated; maintenance and repairs which do not significantly improve or extend the life of respective assets are expensed. Upon sale or retirement, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reflected in other income in the statement of activities. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally four years.

Compensated absences:

It is the Association's policy to permit eligible employees to accumulate earned but unused vacation subject to certain limitations. All unused vacation pay is accrued when incurred and is recorded in accounts payable and accrued expenses in the statement of financial position.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Endowment funds:

The Association's endowment consists of nine individual funds established for academic scholarships stipulated by donors.

The Association follows California State Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions and the possible effect of inflation or deflation; other resources of the Association.

While UPMIFA does not require it unless the donor instrument contains an express provision, the Association generally requires the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds. Following this approach, the Association 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 the (c) accumulations to the permanent endowment made in accordance with the directions 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 until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return objectives and risk parameters:

The Association has investment and spending policies for endowment assets that attempt to conservatively yield returns within reasonable levels of risk. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to be conservative through low duration bond funds. The Association's expected rate of return is 1-2%.

Strategies employed for achieving objectives:

To satisfy its rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a conservative low duration bond fund to achieve its return objectives.

Spending policy and how the investment objectives relate to spending policy:

The Association has a policy of appropriating for distribution each year the earnings on the endowment funds. In establishing the policy and the annual appropriation, the Association considered the expected return on its endowment. Accordingly, the Association expects the current spending policy to show no growth in the endowment as the total growth is appropriated annually for scholarships.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Revenue recognition:

All contributions are considered available for the Association's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase the respective class of net assets.

Operating leases:

The Association recognizes rent expense on a straight-line basis over the term of the lease and, accordingly, records the difference between cash rent payments and the recognition of rent expense as an accrued rent liability.

Income tax status:

The Association is a qualifying nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code and the tax statutes of California, and therefore is exempt from federal and state income taxes. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Association does not believe it has any uncertain tax positions as of December 31, 2017. Fiscal years ending on or after 2014 remain subject to examination by federal and state tax authorities.

Expense allocation:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses and statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates:

The preparation of financial statements 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.

Recently issued accounting standards:

In August, 2016, the Financial Accounting Standards Board (FASB) issued an accounting standards update (ASU) that would require changes to the net asset classification and provide better information about a not-for-profit entity's liquidity, financial performance and cash flows. This change is intended to enhance the usefulness of a not-for-profit's financial statements. The ASU effective date is for fiscal years beginning after December 15, 2017 (the Association's 2018 financial statements).

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 1. Nature of Activities and Summary of Significant Accounting Policies, Continued

Recently issued accounting standards:

In May 2014, the FASB issued an ASU that replaces all existing revenue recognition guidance in current U.S. GAAP. The core principle of the guidance 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 or services. The standard achieves this through a five step process. The ASU is effective for annual reporting periods beginning after December 15, 2018 (the Association's 2019 financial statements).

In February, 2016, the FASB issued an ASU that requires lessees to recognize right-of-use assets and lease liabilities for all leases other than those that meet the definition of short-term leases. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under GAAP. The new lease guidance is effective for fiscal years beginning after December 15, 2019 (the Association's 2020 financial statements).

Subsequent events:

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 6, 2018, the date the financial statements were available to be issued.

Note 2. Fair Value Measurements

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 2. Fair Value Measurements, Continued

Substantially all of the investments in the statement of financial position are reported at the value at the closing price reported on the active market on which the individual securities are traded. The resulting value is a Level 1 measure. Pledges valued using the income approach based on discounted cash flows are measured as a Level 3.

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for 2017:

	Contributions Receivable
Balance-January 1, 2016	\$ 845,192
New contributions receivable	681,993
Pledge payments	(465,782)
Change in fair value	(13,959)
Balance-December 31, 2017	<u>\$ 1,047,444</u>

Note 3. Investments

At December 31, 2017, investments are stated at fair value and consist of a low duration bond fund as follows:

	<u>Fair Value</u>	<u>Cost</u>
Low duration bond fund	<u>\$ 315,902</u>	<u>\$ 328,401</u>

The following table presents investment income for the year ended December 31, 2017. Unrealized losses are considered temporarily impaired as the investments will be held long-term and therefore allowing time for recovery of the losses.

Interest and dividend income	\$ 5,407
Unrealized gain	<u>312</u>
Total investment income	<u>\$ 5,719</u>

Permanently restricted investments are classified as a non-current asset in the statement of financial position.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 4. Contributions Receivable

Unconditional contributions receivable consist of the following at December 31, 2017:

Due within one year	\$ 558,000
Due within two-five years	<u>507,993</u>
	1,065,993
Discount at 1.81%	<u>(18,549)</u>
Total unconditional contributions	<u>\$ 1,047,444</u>

Note 5. Property and Equipment

Property and equipment, net, at December 31, 2017 consisted of:

Office furniture and equipment	\$ 60,658
Computer software	117,595
Accumulated depreciation	<u>(85,086)</u>
	<u>\$ 93,167</u>

Note 6. Capital Lease Payable

In 2016, the Association purchased a copier under a capital lease agreement, replacing an existing lease that had expired. The lease expires January 2021. The liability represents the present value of future minimum lease payments. The balance on the capital lease was \$6,770 at December 31, 2017. The leased asset is amortized over its estimated productive life. Amortization of this asset under the capital lease is included in depreciation expense. The net book value of assets purchased under the capital lease amounts to \$6,125 at December 31, 2017.

Aggregate future minimum lease payments due under the capital lease obligation as of December 31, 2017 are \$2,087 in 2018, \$2,190 in 2019, \$2,297 in 2020 and \$196 in 2021.

Note 7. Note Payable

During 2016, the Association entered into a promissory note for \$59,850 to fund the purchase of software. The note is non-interest bearing and requires monthly payments of \$1,662. The note is secured by the software. The balance on the note was \$39,899 at December 31, 2017.

Note 8. Line of Credit

During 2017, the Association entered into a line of credit with a financial institution with maximum borrowings of \$500,000. The line of credit bears interest at a floating rate equal to the prime rate plus 1.0% and matures on August 1, 2018. The line of credit is secured by all inventory, accounts receivable and equipment. At December 31, 2017, there was no outstanding balance on the line of credit.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 9. Restrictions of Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2017:

Research	\$ 1,051,936
Time restricted contributions receivable	1,047,444
Support and education	<u>58,287</u>
Total temporarily restricted net assets	<u>\$ 2,157,667</u>

Permanently restricted net assets are endowments that must be invested in perpetuity, the investment return of which is restricted for scholarships. Permanently restricted net assets totaled \$91,118 at December 31, 2017 (see Note 11).

Note 10. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows during the year ended December 31, 2017:

Walks	\$ 2,500
Research	1,265,725
Support and education	226,225
Fund development	<u>210,700</u>
Total released net assets	<u>\$ 1,705,150</u>

Note 11. Endowment Funds

Permanently restricted net assets consist of donor-restricted endowment funds totaling \$91,118 at December 31, 2017.

Changes in endowments for the year ended December 31, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 91,118	\$ 91,118
Net investment income	1,484	-	1,484
Net appreciation	80	-	80
Amounts appropriated for expenditure	<u>(1,564)</u>	<u>-</u>	<u>(1,564)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 91,118</u>	<u>\$ 91,118</u>

Earnings on the perpetual endowment funds are temporarily restricted to be used for academic scholarships as stipulated by donors.

Hydrocephalus Association

Notes to Financial Statements

December 31, 2017

Note 12. Retirement Plan

The Association has a contributory 403(b) plan which is funded by voluntary participant salary deferrals and an employer match of 1% for the first 3% of contributions and 1/2% for the next 2% of contributions. For the year ended December 31, 2017, matching contributions totaled \$40,796.

Note 13. Operating Leases

The Association has entered into a non-cancelable lease agreement for its Bethesda, Maryland headquarters office. The base rent is adjusted annually for inflation at a rate of 3%. Additionally, real estate taxes are to be paid by the Association as additional rent. For the fiscal year ended December 31, 2017, rent expense was \$109,883.

A schedule of future lease commitments under the lease obligation is as follows:

2018	\$	116,949
2019		120,457

Note 14. Related Party

Members of the Association's Board of Directors and staff made contributions totaling approximately \$606,800 during 2017.