

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR DECEMBER 31, 2014)

GBS/CIDP FOUNDATION INTERNATIONAL, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
GBS/CIDP Foundation International, Inc.
Narberth, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of GBS/CIDP Foundation International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, cash flows, and functional expenses 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 GBS/CIDP Foundation International, Inc. as of December 31, 2015, 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.

To the Board of Directors
GBS/CIDP Foundation International, Inc.
(Continued)

Report on Summarized Comparative Information

We have previously audited GBS/CIDP Foundation International, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morison Cogen LLP

March 8, 2016

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
(WITH FINANCIAL INFORMATION
FOR DECEMBER 31, 2014)

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 441,271	\$ 393,508
Unconditional promises to give	240,000	77,000
Prepaid expenses and deposits	3,926	3,703
	685,197	474,211
INVESTMENTS	6,520,483	6,930,544
EQUIPMENT - net of accumulated depreciation of \$36,205	16,456	14,527
TOTAL ASSETS	\$ 7,222,136	\$ 7,419,282
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 57,461	\$ 47,750
Grant payable, current portion	250,000	200,000
	307,461	247,750
GRANT PAYABLE, net of current portion	250,000	300,000
TOTAL LIABILITIES	557,461	547,750
NET ASSETS		
UNRESTRICTED		
Unappropriated	3,856,570	3,709,769
Board designated - fellowship	1,623,783	1,813,625
	5,480,353	5,523,394
TEMPORARILY RESTRICTED	1,184,322	1,348,138
TOTAL NET ASSETS	6,664,675	6,871,532
TOTAL LIABILITIES AND NET ASSETS	\$ 7,222,136	\$ 7,419,282

The accompanying notes are an integral part of these financial statements.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014)

	2015			2014 Total
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Contributions	\$ 558,016	\$ 598,745	\$ 1,156,761	\$ 1,215,946
Bequests	-	-	-	213,430
Special events, net of expenses of \$228,864	508,192	-	508,192	190,500
Other income	3,455	-	3,455	1,047
	<u>1,069,663</u>	<u>598,745</u>	<u>1,668,408</u>	<u>1,620,923</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	<u>762,561</u>	<u>(762,561)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,832,224</u>	<u>(163,816)</u>	<u>1,668,408</u>	<u>1,620,923</u>
EXPENSES				
Program	1,557,500	-	1,557,500	1,869,261
Management and general	125,793	-	125,793	75,564
Fundraising	40,119	-	40,119	46,859
TOTAL EXPENSES	<u>1,723,412</u>	<u>-</u>	<u>1,723,412</u>	<u>1,991,684</u>
NET INVESTMENT INCOME (LOSS)	<u>(151,853)</u>	<u>-</u>	<u>(151,853)</u>	<u>332,130</u>
CHANGE IN NET ASSETS	(43,041)	(163,816)	(206,857)	(38,631)
NET ASSETS - BEGINNING OF YEAR	<u>5,523,394</u>	<u>1,348,138</u>	<u>6,871,532</u>	<u>6,910,163</u>
NET ASSETS - END OF YEAR	<u>\$ 5,480,353</u>	<u>\$ 1,184,322</u>	<u>\$ 6,664,675</u>	<u>\$ 6,871,532</u>

The accompanying notes are an integral part of these financial statements.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015
(WITH FINANCIAL INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (206,857)	\$ (38,631)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	4,892	4,656
Net realized and unrealized (gain) loss on investments	285,949	(199,845)
Reinvested investment income, net of investment fees	(136,414)	(139,121)
Decrease in accrued investment income	3,694	7,721
Increase in assets		
Unconditional promises to give	(163,000)	(57,000)
Prepaid expenses and deposits	(223)	(72)
Increase in liabilities		
Accounts payable	9,711	31
Grant payable	-	400,000
	<u>(202,248)</u>	<u>(22,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(6,821)	(899)
Transfers from investment account, net	384,000	285,000
Support and revenue deposited directly into investment account	(227,518)	(8,233)
Grants paid directly out of investment account	100,350	-
	<u>250,011</u>	<u>275,868</u>
Net cash provided by investing activities		
	<u>47,763</u>	<u>253,607</u>
NET INCREASE IN CASH	47,763	253,607
CASH - BEGINNING OF YEAR	393,508	139,901
CASH - END OF YEAR	\$ 441,271	\$ 393,508

The accompanying notes are an integral part of these financial statements.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014)

	2015			Total	2014 Total
	Program	Supporting Services			
		Management and General	Fundraising		
Salaries	\$ 410,508	\$ 24,938	\$ 25,960	\$ 461,406	\$ 423,748
Payroll taxes and employee benefits	40,917	2,486	2,588	45,991	38,809
Total salaries and related expenses	451,425	27,424	28,548	507,397	462,557
Research grants	637,028	-	-	637,028	691,575
Board expense	27,250	3,028	-	30,278	31,324
Chapter expenses	19,253	-	-	19,253	8,154
Contracted service	104,185	-	-	104,185	133,571
Depreciation	-	4,892	-	4,892	4,656
Dues and subscriptions	299	-	-	299	1,462
Equipment rental and supplies	8,112	901	-	9,013	7,231
Insurance	-	8,299	-	8,299	7,145
Postage and delivery	68,330	2,974	1,598	72,902	101,370
Printing	82,213	13,902	281	96,396	74,993
Professional expense	29,978	26,262	-	56,240	33,519
Public relations	35,260	-	3,918	39,178	46,882
Rent	34,526	9,198	2,158	45,882	46,103
Supplies	4,624	25,869	375	30,868	22,370
Telephone	3,703	521	994	5,218	5,117
Travel and meetings	51,314	2,523	2,247	56,084	313,655
TOTAL FUNCTIONAL EXPENSES	\$ 1,557,500	\$ 125,793	\$ 40,119	\$ 1,723,412	\$ 1,991,684

The accompanying notes are an integral part of these financial statements.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

GBS/CIDP Foundation International, Inc. (the Organization) was incorporated under the laws of the Commonwealth of Pennsylvania as a nonprofit corporation. The Organization improves the quality of life for individuals and families affected by Guillain-Barre Syndrome, CIDP, and variants. It provides patient support, research sponsorship, and lay and professional educational programs worldwide. The Organization receives the majority of its support from individual, corporate, and foundation contributions.

Basis of Presentation

The Organization follows Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, to prepare its financial statements. Under FASB ASC 958, the Organization is required to report 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.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Restricted and Unrestricted Support

The Organization follows FASB ASC 958, *Not-for-Profit Entities*, in recording contributions received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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. There were no permanently restricted net assets.

Functional Allocation of Expenses

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Unconditional Promises to Give

Unconditional promises to give represent payments due in future periods for awards recorded as temporarily restricted support and revenue. No allowance for uncollectible promises is required since management expects the awards to be fully collectible.

Investments

The Organization carries investments in marketable securities at fair value. Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that the Organization would receive to sell an investment to an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market. FASB ASC 820 establishes a three-tier hierarchy based on quoted prices in active markets (level 1), other observable inputs (level 2), and unobservable inputs (level 3).

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Equipment and Depreciation

Equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Tax Status

The Organization is incorporated in the Commonwealth of Pennsylvania and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a publicly supported charitable organization and is registered as required with the Pennsylvania Bureau of Charitable Organizations.

In-Kind Contributions

The Organization recognizes contributed services, if any, which create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. No amounts for contributed services have been reflected in the statements. However, a substantial number of volunteers contributed significant amounts of their time to assist in the Organization's program services.

The Organization records the value of contributed goods when there is an objective basis available to measure their value. Contributed materials and equipment are reflected as revenue in the accompanying statements at their estimated values at the date of receipt. There were no contributed goods for the year ended December 31, 2015.

Prior Period Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Subsequent Events

FASB ASC 855-10 establishes general standards of accounting and disclosure of events that occur after the statement of financial position date but before the date the financial statements are available to be issued. Subsequent events have been evaluated through March 8, 2016, the date that the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

During the year the Organization may have deposits with major financial institutions that exceed Federal Deposit Insurance Corporation limits.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 – FAIR VALUE MEASUREMENTS – INVESTMENTS

The framework for measuring fair value provides 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 under FASB ASC 820 are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | <p>Inputs to the valuation methodology include</p> <ul style="list-style-type: none">• quoted prices for similar assets or liabilities in active markets;• quoted prices for identical or similar 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. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p> |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

Domestic corporate bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Money market funds: Comprised of accounts which seek to maintain a stable price of \$1.00 per share. The money market funds held by the Organization are deemed to be actively traded.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 – FAIR VALUE MEASUREMENTS – INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015:

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Domestic corporate bonds	\$ 887,617	\$ -	\$ -	\$ 887,617
Mutual funds				
Domestic large cap	2,014,442	-	-	2,014,442
Domestic mid cap	872,326	-	-	872,326
Domestic small cap	880,243	-	-	880,243
Domestic fixed income	628,750	-	-	628,750
International developed countries	580,978	-	-	580,978
Total mutual funds	4,976,739	-	-	4,976,739
Money market funds	656,127	-	-	656,127
 Total assets at fair value	 <u>\$ 6,520,483</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,520,483</u>

The net realized and unrealized loss on investments for the year ended December 31, 2015 is as follows:

Depreciation of investments in current year	\$ (326,453)
Net realized gain on sale of securities	<u>40,504</u>
	<u>\$ (285,949)</u>

Investment loss for the year ended December 31, 2015 is as follows:

Interest and dividends	\$ 172,514
Management fees	(38,418)
Net realized and unrealized loss on investments	<u>(285,949)</u>
	<u>\$ (151,853)</u>

NOTE 4 – GRANT PAYABLE

During 2014, the Organization awarded a three year grant for research with a maximum of \$150,000 to be paid per year, commencing in 2015.

During 2015, the Organization awarded a three year grant for research with a maximum of \$100,000 to be paid per year, commencing in 2015.

NOTE 5 – BOARD DESIGNATED UNRESTRICTED NET ASSETS

The board has designated funds for future fellowships to fund professional training in the peripheral inflammatory neuropathy. The funds are held in a separate investment account. The balance as of December 31, 2015 was \$1,623,783.

GBS/CIDP FOUNDATION INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015, the temporarily restricted net assets of \$1,184,322 are comprised of \$883,322 to be granted for research and \$301,000 for program activities to be used after December 31, 2015.

NOTE 7 – LEASES

Rent expense for the year ended December 31, 2015 was \$45,882. At December 31, 2015, the Organization was obligated under various non-cancellable operating leases arrangements as follows:

<u>YEARS ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2016	\$ 47,536
2017	47,761
2018	47,116
2019	<u>16,627</u>
	<u>\$ 159,040</u>